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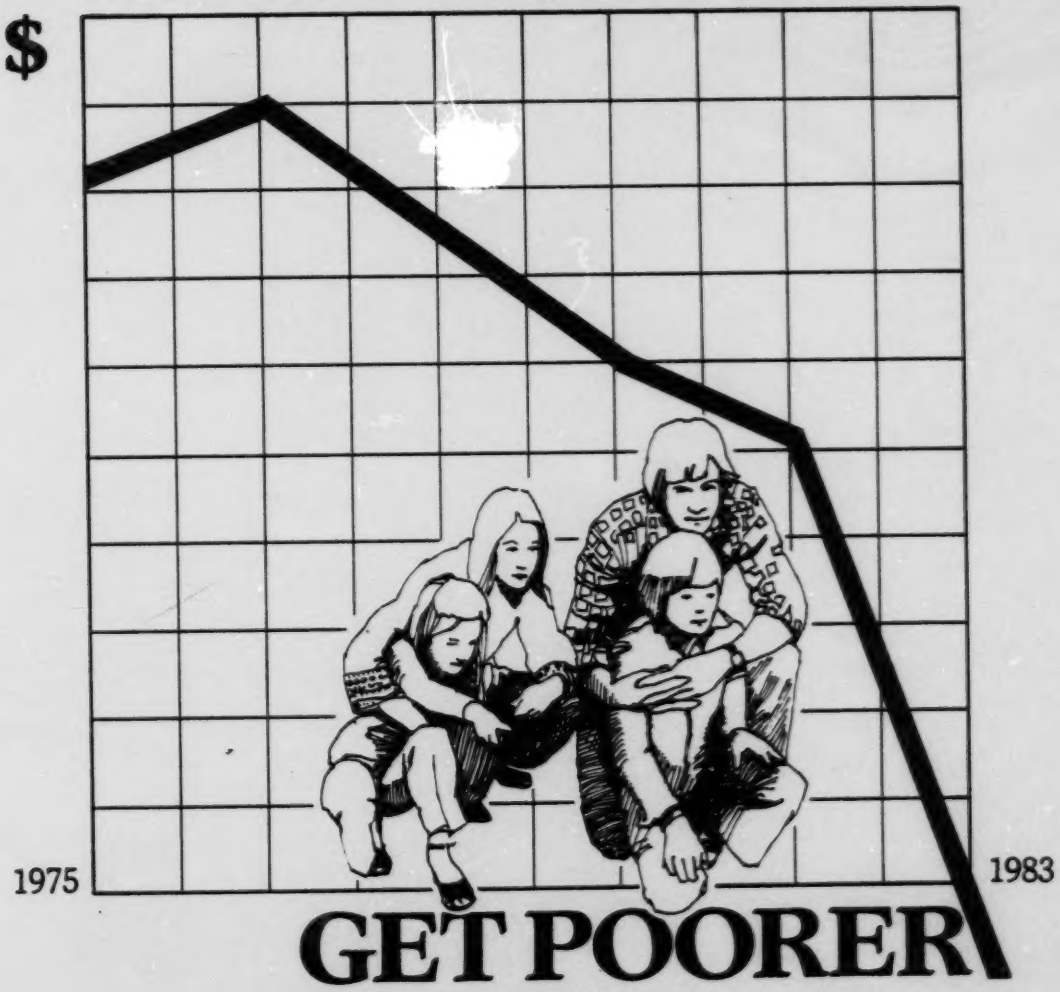

GET POORER

A STUDY OF SOCIAL WELFARE PROGRAMS IN ONTARIO

A joint project of
the Social Planning Council of Metropolitan Toronto
and the
Ontario Social Development Council

...AND THE POOR GET POORER

A Study of
Social Welfare Programs
In Ontario

Revised Edition
September, 1983

A Joint Project Of

The Social Planning Council
Of Metropolitan Toronto
And The
Ontario Social Development Council

Participating Agencies In
The United Way

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... AND THE POOR GET POORER, 1983

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PREFACE

In 1977, the then Ontario Welfare Council and the Social Planning Council of Metropolitan Toronto jointly undertook a review of Ontario's major social assistance schemes. In a report entitled SOCIAL ALLOWANCES IN ONTARIO: AN HISTORICAL ANALYSIS OF GENERAL WELFARE ASSISTANCE AND FAMILY BENEFITS 1961 - 1976, the Councils looked at provincial income support programs from the perspective of public interest organizations with a shared commitment to combat problems of poverty and financial insecurity.

At that time, there appeared to be widespread misunderstanding of the actual living circumstances of people receiving public aid. Most needed social assistance because they were sick, disabled or elderly adults and their dependents, and women raising children alone. The study found -- contrary to the prevailing mythology -- that recipients of "welfare" were not well off. Their incomes, examined over a 16-year period, consistently fell below community standards of adequacy. Ontario's social assistance programs have kept people poor.

In February 1981, they released another joint study, . . . AND THE POOR GET POORER in an attempt to redirect public attention toward the circumstances of Ontario's most economically vulnerable citizens. Since the mid-seventies, dramatic increases in the cost of living, sluggish economic growth and provincial spending restraints on social programs have seriously affected social assistance recipients. Changes in some features of the income security system have also affected people on welfare. This report was an attempt to examine the effects of all these factors.

The report documented the erosion in living standards suffered by recipients since 1975. It pointed out that families on assistance continue to live on incomes well below any accepted community standard of adequacy and well below the poverty line.

The report exploded many myths about welfare recipients including the fact that four out of five cases receive assistance because they are blind or disabled, or sole support parents. It also emphasized that 43.4 per cent of the beneficiaries of welfare programs are children, and that the government's present policies serve to perpetuate child poverty.

Partly in response to some of the concerns raised in AND THE POOR GET POORER, the Ministry of Community and Social Services (COMSOC) announced, in October 1981, what it described as substantial improvements to social assistance rates and benefits. They announced plans to increase the rate for "permanently unemployable" persons on FBA to the GAINS-D rate by November, 1982. They also put in place a province-wide shelter allowance scheme to assist recipients faced with high shelter costs as a result of renting on the private market.

This revised edition of AND THE POOR GET POORER, takes a careful look at these and other changes to Ontario's social welfare programs since 1980, to determine whether the substantial improvements claimed by COMSOC are real or illusory. To what extent have the declining living standards experienced by social assistance recipients between 1975 and 1980 been reduced or eliminated by program changes during the last two and a half years?

The main body of the report is structured into eight sections as follows:

SECTION I — Looks at the changing composition of social assistance incomes and notes that monthly benefits form a declining share of the total. It also compares increases in assistance incomes to increases in the cost of living and documents a consistent pattern of decline in the purchasing power of recipients.

SECTION 2 — Assesses the adequacy of social assistance incomes by community standards. It shows that welfare benefits have become less adequate since the mid-seventies, and are currently below the adequacy levels of the mid-sixties.

SECTION 3 — Considers the contribution which shelter allowances and subsidized housing make to the incomes welfare recipients. It shows that even with shelter allowances included, assistance incomes do not reach an adequate standard of living. The minority of recipients living in subsidized housing remain substantially better off than their counterparts who rent housing on the private market, though they too continue to live on inadequate incomes.

SECTION 4

Explores the issue of equity. It shows that although households may be the same size and face similar problems, they receive different levels of benefits from different programs. It also questions the fairness of requiring municipalities to fund general welfare in that income security programs are the responsibility of senior levels of government.

SECTION 5

Looks at the total caseload of people receiving benefits and the reasons why assistance is required. It demonstrates that since 1976, there has been a moderate growth in the number of people receiving assistance. It also shows that increases in the level of unemployment are related to increased requests for General Welfare Assistance. Finally, it suggests that people who require assistance have serious and legitimate needs; claims that they are undeserving cannot be substantiated.

SECTION 6

Explores the relationship between work and welfare. Evidence suggests that welfare payments have deliberately been kept low to encourage short term recipients to return to the labour force, and to ensure that the working poor continue working.

This practice protects employers in the low wage sector. At the same time, it penalizes welfare recipients who cannot work under present conditions.

SECTION 6 (Cont'd) — Also, the provincial Work Incentive Program is analyzed, and reasons are given to explain why only 1.4% of eligible welfare recipients are participating in it.

SECTION 7 — Discusses the Ontario government's spending policies and the effects of expenditure restraints on the incomes of social assistance recipients. It shows that since 1975, increases in spending on welfare programs in Ontario has lagged behind those of most other provinces. The conclusion is that the provincial restraint program has been carried out to a significant degree at the expense of welfare recipients.

SECTION 8 — Summarizes the conclusions of . . . AND THE POOR GET POORER.

Finally, the report recommends strategies to improve Ontario's ability to meet the needs of social assistance recipients.

INTRODUCTION

BACKGROUND

An update on the performance of Ontario's social assistance programs is timely. These programs represent a significant public commitment. They are investments in individuals and families who are at a serious disadvantage in securing income by private means. Since all of us to some degree face the risks of an uncertain economy it is important to examine the integrity with which this commitment is being kept.

In recent years, a number of developments have taken place which have had a dramatic effect on income security in Ontario.

- by the end of 1983, the cost of living will have increased more than 100 per cent since 1975;
- the rate of economic growth in Ontario has declined substantially;
- the Ontario government has continued its policy of spending restraints on social programs;
- more explicit linkages were made between work and welfare with the introduction of the Provincial Work Incentive Program;
- the rate of unemployment in Ontario has grown alarmingly and in January 1983 stood at 11.2 per cent, double the level of ten years ago;

- a new income security measure was introduced, the Federal Child Tax Credit;
- a province-wide shelter allowance program was introduced to assist recipients renting on the private market.

Amidst these developments, the provincial government has periodically adjusted social assistance benefit levels upwards in recognition of inflationary pressures. The most recent of these adjustments - a 5 per cent increase for welfare recipients in November, 1982 and a similar 5 per cent increase for family benefits cases in January, 1983 - coupled with a $25 increase in the provincial shelter allowance, has renewed the claim that Ontario is meeting the requirements of its residents who have negligible private incomes. This report will assess the validity of that claim.

SCOPE

The scope of this review concerns those programs that provide assistance to people who have little or no private means of livelihood. These include General Welfare Assistance, Family Benefits and Gains-D.

GENERAL WELFARE ASSISTANCE (G.W.A.)

- Under the General Welfare Assistance Act, this program provides basic income support for people who are in short-term or emergency need. Its main function is to ease the financial impact of unemployment, family break-up, disability, illness or aging. It is a municipally-administered program whose benefits are cost-shared 50% by the federal government, 30% by the province and 20% by the municipality. Those eligible include the applicant and family members, with payments varying according to family size. Employable persons must demonstrate a willingness to obtain work.

FAMILY BENEFITS (F.B.A.)

- The Family Benefits Act provides income to meet basic needs for certain categories of people requiring long-term assistance. These include single-parent families where there is negligible wage income, elderly persons under 65, children in foster care and disabled adults and their dependents (see Gains-D). This program is provincially administered and cost-shared 50% by the federal government and 50% by the provincial government. Beneficiaries include all family members, and benefit levels vary according to family size.

GUARANTEED ANNUAL INCOME SYSTEM - DISABLED (GAINS-D)

- Under the Family Benefits Act, this program provides guaranteed income to persons who are blind or who have a long-term disability that severely limits routine activities. The applicant and family members are entitled to benefits once the disability is verified by a Medical Advisory Board. Funding is 50% cost-shared by the federal government and 50% by the provincial government.

In addition, these programs are supplemented in some cases by Special Assistance and Supplementary Aid. These programs provide General Welfare and Family Benefits recipients with financial aid to cover particular needs which exceed their incomes from the basic assistance programs. Payments may be granted for specialized medical services and appliances, transportation, vocational training, shelter subsidies and other authorized items. Special Assistance is funded 50% by the federal government and 50% by municipalities, while the government of Ontario makes no contribution. In the case of Supplementary Aid, the cost-sharing formula is 50% federal, 50% provincial, and 20% municipal.

Finally, those social assistance recipients renting their accommodation on the private market may be eligible to receive a shelter allowance to help in dealing with high shelter costs. The province-wide shelter allowance program provides for shelter subsidies to cover 75% of the rent paid over an established threshold and up to a maximum amount which varies depending on household size.

METHOD

Throughout this report, we refer to four family groups which represent the typical kinds of households receiving social assistance. These are a single person under age sixty-five, a mother with one child aged 4, a mother with three children aged 3, 6 and 8, and a mother and father with two children aged 10 and 13. In our view, these typical families represent a broad enough cross-section of welfare cases to enable a fair evaluation of the performance of social assistance programs.

Assessments of the adequacy of social assistance incomes are made using two methods: the Social Planning Council of Metropolitan Toronto's budget guide standards, and the revised low-income cut-off lines published by Statistics Canada.

SECTION I.0 INCOMES OF PEOPLE RECEIVING ASSISTANCE

I.I Sources Of Income

Assistance programs are intended to meet the costs of basic needs including food, shelter, clothing, household supplies and personal requirements. In looking at the incomes of social assistance recipients, it is necessary to distinguish between their monthly benefits received from either the G.W.A. or F.B.A./GAINS-D programs, and their total incomes from all sources. In addition to their monthly benefits, recipients may be eligible for federal family allowances, the federal child tax credit, Ontario property and sales tax credits, and more recently, the province-wide shelter allowance scheme for social assistance recipients. The contribution of income from these additional sources means that a recipient's total income is greater than the basic monthly benefit received through social assistance.

Table One sets out the sources of income of four typical families on social assistance under General Welfare, Family Benefits, and GAINS-D for 1983. The basic monthly benefits vary from a low of $250 ($3,000 a year) in the case of a single unemployable person on G.W.A., to a high of $758 ($9,218 a year) for a mother, father and two children on GAINS-D. Monthly benefits make up from 63 to 79% of total incomes for the typical examples cited.

The relative importance of income from other sources depends on both family size and the presence of children. For a mother with one child, federal child-related transfer payments contribute between 7.7 and 9.9% of family income. For a mother with three children, the proportion rises to between 16.9 and 20.8% of

TABLE I

COMPOSITION OF SOCIAL ASSISTANCE RECIPIENTS INCOMES
BY SOURCE FOR FOUR TYPICAL FAMILIES, 1983

	Sources of Income	General Welfare		Family Benefits		GAINS-D	
		Actual Amount	Per Cent of Total	Actual Amount	Per Cent of Total	Actual Amount	Per Cent of Total
Single Person Under Age 65	Federal Transfers	--	--	--	--	--	--
	Monthly Benefits	$3,000	71.7	$4,584	79.5	$4,584	79.5
	Max.Shelter Allowance	900	21.5	900	15.6	900	15.6
	Property & Sales Tax Credits	284	6.8	284	4.9	284	4.9
	Total Income:	$4,184	100.0	$5,768	100.0	$5,768	100.0
Mother, Child 4	Federal Transfers	$ 685	9.9	$ 685	8.7	$ 685	7.7
	Monthly Benefits	4,848	70.4	5,814	74.1	6,894	77.2
	Max. Shelter Allowance	1,020	14.8	1,020	13.0	1,020	11.4
	Property & Sales Tax Credits	332	4.8	332	4.2	332	3.7
	Total Income:	$6,885	100.0	$7,851	100.0	$8,931	100.0
Mother, Children 3,6,8	Federal Transfers	$2,055	20.8	$2,055	18.5	$2,055	16.9
	Monthly Benefits	6,204	62.8	7,404	66.8	8,484	69.8
	Max. Shelter Allowance	1,260	12.7	1,260	11.4	1,260	10.3
	Property & Sales Tax Credits	364	3.7	364	3.3	364	3.0
	Total Income:	$9,883	100.0	$11,083	100.0	$12,163	100.0
Mother, Father, Children 10,13	Federal Transfers	$1,370	14.1	$1,370	12.3	$1,370	11.2
	Monthly Benefits	6,744	69.3	8,138	73.1	9,218	75.5
	Max. Shelter Allowance	1,260	12.9	1,260	11.3	1,260	10.3
	Property & Sales Tax Credits	364	3.7	364	3.3	364	3.0
	Total Income:	$9,738	100.0	$11,132	100.0	$12,212	100.0

total income. While the maximum provincial shelter allowance makes up between 10 and 13 per cent of the incomes of the two four-person families, it contributes as much as 21.5% of the income of an unemployable single person.

In 1983, it is expected that a single G.W.A. recipient under 65 and categorized as unemployable will be required to meet basic living costs with an annual income of $4,184. A mother of three receiving family benefits will be required to support her family with $11,083. And, a family of four with a disabled father receiving GAINS-D will be expected to meet basic living costs with an annual income of $12,212.

I.2 Changes In Income Composition

Changes in the income security system over the past several years have altered the proportions which various sources contribute to the incomes of welfare recipients. These changes, especially the Federal Child Tax Credit enacted in 1978, and the provincial shelter allowance scheme introduced in 1981, meant that the basic monthly benefit has made up a declining proportion of the total incomes of people on social assistance in recent years.

As the data in Table 2 and Figure 1 indicate, since the early 1970's, the composition of recipients' incomes have undergone major changes. In 1971, monthly benefits comprised between 93 and 100% of total incomes. By 1979, monthly benefits made up from 75 to 90% of total incomes. Today, monthly benefits have declined to as little as 63% of incomes and represent less than 80% in all cases cited.

By comparison, income from the Federal Family Allowance and Child Tax Credit programs have become relatively more important sources during this period. This points to the increasing financial responsibility being assumed over time by the federal government in providing for Ontario families in need of assistance. For example, a mother with 3 children in 1980 received nearly 21% of her income from federal sources compared to slightly less than 7% in 1971*.

TABLE 2

CHANGES IN THE COMPOSITION OF SOCIAL ASSISTANCE RECIPIENTS INCOMES BY SOURCE FOR FOUR TYPICAL FAMILIES, 1971 - 1983

	Sources of Income	General Welfare				Family Benefits/GAINS-D*			
		1971 %	1975 %	1979 %	1983 %	1971 %	1975 %	1979 %	1983 %
Single person Under Age 65	Federal Transfers	-	-	-	-	n.a.	-	-	-
	Monthly Benefits	100.0	89.8	90.5	71.7	n.a.	92.5	93.1	79.5
	Max. Shelter Allowance	-	-	-	21.5		-		15.6
	Property & Sales Tax Credits	-	10.2	9.5	6.8		7.5	6.9	4.9
Mother, Child 4	Federal Transfers	3.0	6.9	9.5	9.9	3.0	6.4	8.7	8.7
	Monthly Benefits	97.0	86.3	84.2	70.4	97.0	87.4	85.5	74.1
	Max. Shelter Allowance	-	-	-	14.8	-	-	-	13.0
	Property & Sales Tax Credits	-	6.8	6.3	4.8	-	6.2	5.8	4.2
Mother, Children 3,6,8	Federal Transfers	6.6	15.0	20.0	20.8	6.6	13.9	18.4	18.5
	Monthly Benefits	93.4	79.8	75.3	62.6	93.4	81.3	77.2	66.8
	Max. Shelter Allowance	-	-	-	12.7	-	-	-	11.4
	Property & Sales Tax Credits	-	5.2	4.7	3.7	-	4.8	4.4	3.3
Mother, Father, Children 10,13	Federal Transfers	5.4	9.8	13.3	14.1	5.4	8.0	10.5	11.2
	Monthly Benefits	94.6	85.1	82.0	64.3	94.6	87.8	85.2	75.5
	Max. Shelter Allowance	-	-	-	12.4	-	-	-	10.3
	Property & Sales Tax Credits	-	5.1	4.7	3.7	-	4.2	3.9	3.0

Note: Aside from child-related income transfers, the federal government funds 50 per cent of the costs of welfare programs through the Canada Assistance Plan. However, since these funds are made available to recipients through provincial programs, and are recorded as part of Ontario's social assistance expenditures, they are treated as if they came from provincial sources. This significantly understates the federal contribution to welfare.

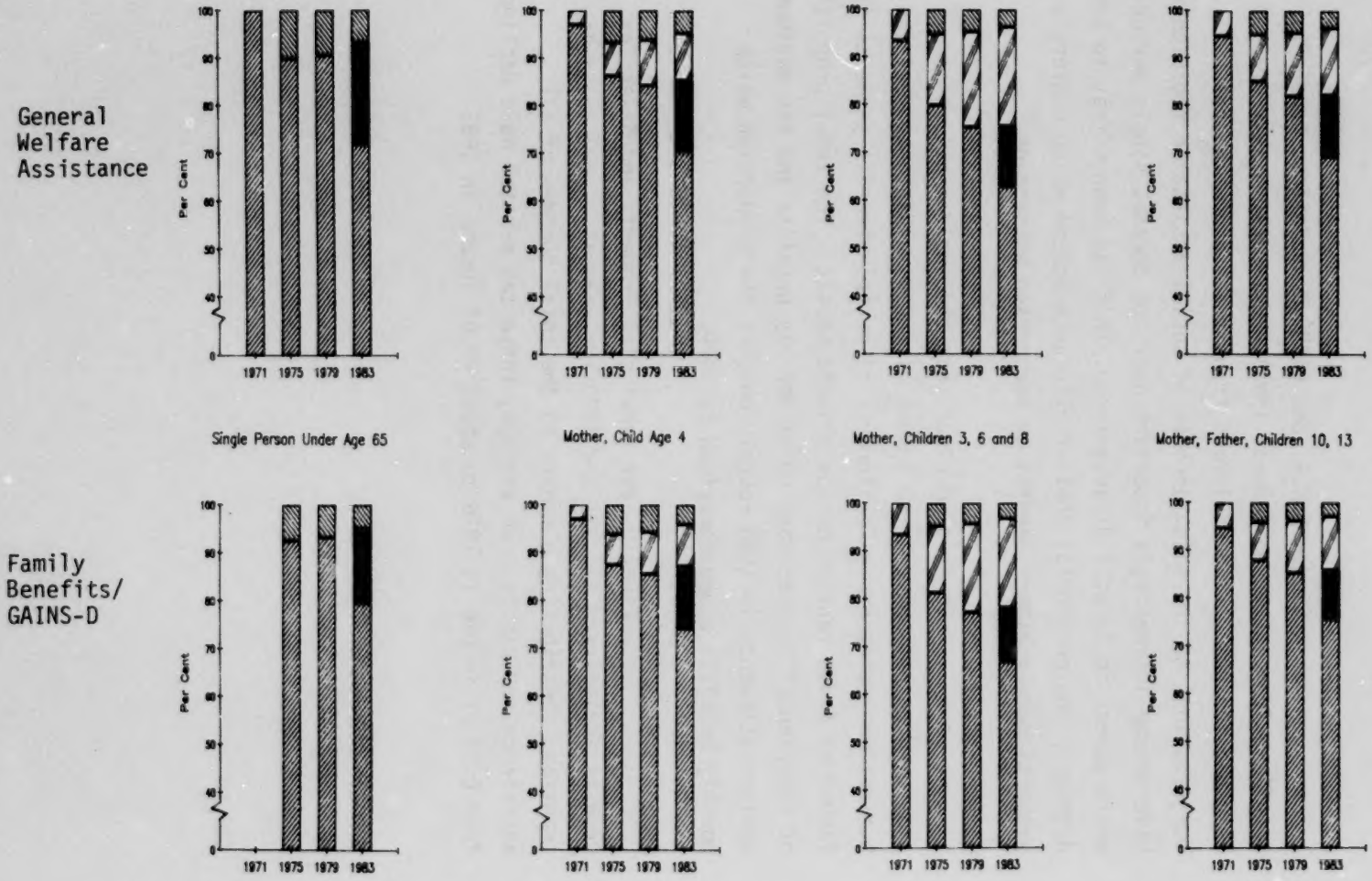
* The single person and two-parent family are based on GAINS-D rate, while the sole support parent families use FBA rates.

Single G.W.A. and GAINS-D recipients have not benefited from increased federal involvement because they are ineligible for child-related income transfers. Since federal contributions to the total incomes of social assistance recipients have become increasingly important over the decade, single persons would appear to be at a disadvantage. This has been offset to some degree by the provincial shelter allowance scheme which confers a proportionately higher benefit to one person households.

It is also clear that the shelter allowance program does not augment the income of social assistance recipients, but rather represents a realignment of monthly benefit payments in favour of those renting on the private market. The total proportion of recipients' incomes made up of monthly benefits and the maximum shelter allowance in 1983 roughly matches the proportion which monthly benefits alone comprised in 1979.

Finally, the Provincial Property and Sales Tax Credits implemented in 1972 and 1973 respectively, were initially important contributing elements to the total incomes of all assistance recipients. On average, these tax rebates have declined from 6.5% of income in 1975 to about 4% of income in 1983.

FIGURE I COMPOSITION OF SOCIAL ASSISTANCE RECIPIENTS' INCOMES, BY SOURCE, FOR FOUR TYPICAL FAMILIES 1971 TO 1983



1.3 Trends In Purchasing Power of Assistance Incomes

Despite the fact that the federal government has increased its direct role in providing income to social assistance recipients, and despite the introduction of the provincial shelter allowance program, the income levels of people on welfare have declined in real terms. The incomes of G.W.A., F.B.A. and GAINS-D recipients between 1975 and 1983 in constant (non-inflated 1983) dollars are shown in Table 3. These data reveal a consistent pattern of decline in the purchasing power of assistance incomes.

All of Ontario's welfare recipients have suffered a substantial loss in their real incomes since 1975. For single persons under 65, the loss in dollar terms ranged from $496 on G.W.A. to $584 on GAINS-D. For mothers with one child, the loss in dollars ranged from $669 on F.B.A. to $963 on GAINS-D. For mothers with three children, the real income loss ranged from $638 on F.B.A. to $953 on G.W.A. And for a mother and father with 2 children, the loss in dollars ranged from $998 on F.B.A. to $1,335 on G.W.A.

Although benefit levels have been raised a number of times in recent years, these increases have scarcely made a dent in the erosion of living standards experienced by persons on social assistance since 1975. To fully restore the incomes of recipients in 1983 to 1975 levels would have required increases of between 9 and 20% in addition to the recent 5% increases granted by the Ministry of Community and Social Services. It should be noted that these estimates include the maximum shelter allowance, and that those receiving little or no shelter allowance, have suffered an even more dramatic erosion in living standards.

TABLE 3

INCREASES IN MONTHLY BENEFITS NEEDED TO RESTORE THE REAL PURCHASING POWER OF SOCIAL ASSISTANCE RECIPIENTS, IN 1983, TO 1975 LEVELS

	Projected Total Income for 1983	1975 Income Expressed in 1983 Dollars	Shortfall in Real Income Since 1975	Monthly Benefit Rates		
				New Rates for 1983	Increase Needed to Eliminate Shortfall*	Per Cent Increase Required
General Welfare						
Singe Person under 65	4,184	4,680	496	250	42	16.8
Mother, One Child	6,885	7,816	931	404	78	19.3
Mother, Three Children	9,883	10,836	953	517	80	15.5
Mother, Father, 2 Children	9,738	11,093	1,355	562	113	20.1
Family Benefits						
Mother, One Child	7,851	8,520	669	481	56	11.6
Mother, Three children	11,083	11,721	638	610	54	8.9
Mother, Father, 2 Children	11,132	12,130	998	668	84	12.6
Mother, Father, 3 Children	12,629	13,499	870	724	73	10.1
GAINS-D						
Single Person under 65	5,768	6,352	584	382	49	12.8
Couple (one disabled)	8,648	9,812	1,164	608	97	16.0
Mother, One Child	8,931	9,894	963	571	81	14.2
Mother, Father, 2 Children	12,212	13,505	1,293	758	108	14.2

Note: The total income figures used to derive these shortfalls include more than simply the monthly benefits of recipients. In addition, they include the maximum possible shelter allowance, all federal child-related income transfers where applicable, Ontario property and sales tax credits, and the back-to-school allowance.

* represents the increase in monthly benefits needed to fully restore the total incomes of social assistance recipients in 1983, to 1975 levels. Income shortfall calculations anticipate increases in the cost of living of 8.0 per cent in 1983.

Table 4 looks at changes in the composition of recipients' incomes since 1975 in 1983 constant dollars. The data reveals that the monthly benefits of those on welfare have declined by 22% to 29% since 1975. The contribution made by property and sales tax credits has also declined substantially - from 36% to 40%. By contrast, the federal child-related income transfers have grown in real terms by more than 26%.

These federal transfers have cushioned the impact of provincial underfunding for families with children. The selective nature of benefit increases and improvements to the provincial shelter allowance program announced in October, 1982 with money directed toward single employables, unemployables and single women between 60 and 64, recognizes that recipients without children have been hardest hit by reduced provincial spending on welfare.

TABLE 4

CHANGES IN THE COMPOSITION OF SOCIAL ASSISTANCE
RECIPIENTS REAL INCOMES, 1975 TO 1983
(1983 CONSTANT DOLLARS)

	Sources of Income	General Welfare			Family Benefits/GAINS-D*		
		1975	1983	% Change	1975	1983	% Change
Single Person Under Age 65	Federal Transfers	--	--	--	--	--	--
	Monthly Benefits	4,203	3,000	-28.6	5,875	4,584	-22.0
	Property & Sales Tax Credits	477	284	-40.5	477	284	-40.5
	Max. Shelter Allowance	--	900	--	--	900	--
	TOTAL INCOME	4,680	4,184	-10.6	6,352	5,768	- 9.2
Mother, Child 4	Federal Transfers	543	685	26.2	543	685	26.2
	Monthly Benefits	6,745	4,848	-28.1	7,449	5,814	-21.9
	Property & Sales Tax Credits	528	332	-37.1	528	332	-37.1
	Max. Shelter Allowance	--	1,020	--	--	1,020	--
	TOTAL INCOME	7,816	6,885	-11.9	8,520	7,851	- 7.9
Mother, Children, 3,6,8	Federal Transfers	1,627	2,055	26.3	1,627	2,055	26.3
	Monthly Benefits	8,643	6,204	-28.2	9,528	7,404	-22.3
	Property & Sales Tax Credits	566	364	-35.7	566	364	-35.7
	Max. Shelter Allowance	--	1,260	--	--	1,260	--
	TOTAL INCOME	10,836	9,883	- 8.8	11,721	11,083	- 5.4
Mother, Father, Children, 10, 13	Federal Transfers	1,085	1,370	26.3	1,085	1,370	26.3
	Monthly Benefits	9,442	6,744	-28.6	11,854	9,218	-22.2
	Property & Sales Tax Credits	566	364	-35.7	566	364	-35.7
	Max. Shelter Allowance	--	1,260	--	--	1,260	--
	TOTAL INCOME	11,093	9,738	-12.2	13,505	12,212	- 9.6

* The single person and two parent family are based on GAINS-D rates, while the sole support parent families use FBA rates.

SECTION 2.0 ADEQUACY OF SOCIAL ASSISTANCE INCOMES

2.1 What Is Adequacy?

Like people who derive their incomes from work, assistance recipients require funds which are adequate enough to secure the resources needed for economic security, personal growth, and inclusion in the social mainstream. The provision of adequate incomes through social assistance benefits is, thus, a fundamental requirement of a society committed to the equal development of groups who are traditionally disadvantaged in their ability to participate in the labour market.

A public commitment to ensure that income security measures provide people in need with adequate benefits has existed for some time. Following the 1973-1975 federal-provincial dialogue on social security, a series of reforms were proposed including the principle that every individual and family in need should be guaranteed an adequate income by community standards (3). Has Ontario succeeded in implementing this principle?

There are many ways to measure adequacy. For purposes of this review, we have used two methods that are widely accepted. The first is the "adequate budget" approach. It defines adequacy in terms of basic economic needs for food, clothing, housing, transportation and other items. This approach is used in Canada by the Social Planning Council of Metropolitan Toronto and is represented in it's report Guides for Family Budgeting.

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(3) Canada, Federal-Provincial Conference of Ministers of Welfare, Federal-Provincial Social Security Review: Background Paper on Income Support and Supplementation, Ottawa:, 1975, p. 17.

The budget level approach establishes standards of adequacy by itemizing necessary goods and services and estimating their costs. (4) An income which is not large enough to meet these costs is considered inadequate by community standards in Metropolitan Toronto. Although prices used in estimating the basket of goods are from Toronto, the total budget is thought to be a useful measure of adequacy for urban areas across Ontario.

The second method is the "poverty line" approach. The most commonly used poverty line is that developed by Statistics Canada entitled the Revised Low-Income Cut-Off Line. The Statistics Canada poverty line defines a minimum amount of income needed by an individual or family to meet basic needs. Statistics Canada's estimate of low income assumes that anyone who spends more than 58.5% of their gross income on the basic necessities of food, clothing and shelter is poor. The poverty line thus establishes an income level below which no Canadian should be permitted to fall.

Both measures of adequacy involve more than simply the minimum material resources required to sustain life - subsistance. Rather, they take the view that in modern industrial societies, inadequate income must be discussed in terms of relative deprivation. In this sense inadequate income is a matter of insufficient access to certain goods and services which are available to most other people and which have come to be accepted as basic to a decent standard of living. (5) Viewed in this way, the level of income adequacy will vary over time relative to the norm accepted by the community generally. In Ontario, the combination of economic growth and inflation over the last decade have combined to increase the level of income needed to support an adequate living standard.

(4) Guides for Family Budgeting, Social Planning Council of Metropolitan Toronto, 1983.

(5) See John Harp and John R. Hofley, (eds.), Poverty in Canada Prentice-Hall of Canada, Ltd., Scarborough, Ontario, 1971, p. 14

Any determination of adequacy involves, not surprisingly, a measure of subjectivity. "What are basic needs?" "How can adequacy be defined?" These are unavoidable questions. The Social Planning Council of Metropolitan Toronto and the Ontario Social Development Council believe that it is appropriate to use a measure of adequacy that is both above levels of subsistence to ensure good health and self respect, but still below a level reflecting average community living standards. At the same time, appropriate adequacy measures should be derived by scientific measurement.

The Statistics Canada poverty line, unlike the budget guides, takes into account regional differences in living costs in rural and metropolitan centres. For purposes of this report, we have taken the poverty line for metropolitan areas of over half a million in population as representing the most appropriate measure for Ontario. The Social Planning Council's budget guides differ from the poverty line approach in identifying income requirements on the basis of both household size and composition (i.e. age and sex). However, the proportion of gross income allocated for food, shelter and clothing in the budgets for the typical families cited in this report vary between 57 and 63%, roughly approximating the poverty line standard for these costs.

While the Family Budget Guides of the Social Planning Council of Metropolitan Toronto have involved value judgements in their derivation, they are related to current costs and consumer expenditures. Consequently, they do document how specified incomes could be allocated to purchasing needed goods and services in the marketplace. As such, we believe that budget guides are an appropriate measure of adequacy. However, both measures are used herein for comparative purposes.

It should be recognized throughout that these standards of adequacy represent quite modest income levels. The data in Table 5 demonstrates that depending on family size and composition, both adequacy measures reflect incomes which vary from 45 to 56% of estimated median incomes in Ontario for 1983.

2.2 Levels of Adequacy, Poverty and Social Assistance

Comparisons between the annual incomes of people on social assistance, poverty line income levels and the incomes recipients need for an adequate living standard are shown in Table 6. These data leave no doubt that people on welfare are poor. Incomes under all social assistance programs are well below the budget guide standards of adequacy and below the low-income cut-off lines estimated for 1983.

The extent to which social assistance incomes failed to measure up to the income needs of typical welfare families is truly startling. In the case of G.W.A. recipients, single persons and childless couples are expected to have total incomes of $4,184 and $6,536 respectively. A mother and father with two children is anticipated to have an income of $9,738 in 1983. In all three cases, these incomes are less than half of what is considered adequate according to the budget guides. Using the poverty line measure yields a similar result.

Incomes on Family Benefits equal between 56 and 65% of the budget guide amounts, and from 56 to 62% of the poverty line. The income of a mother with one child at $7,851 is some $4,680 less than the poverty line. A mother with three children is expected to have a 1983 income of $11,083, which falls $5,860 short of the budget guide standard of adequacy and more than $8,000 short of the poverty line.

TABLE 5

ADEQUACY MEASURES AS A PROPORTION OF MEDIAN INCOMES IN ONTARIO, 1983

MEDIAN INCOME	FAMILY SIZE	COMPOSITION	LOW-INCOME CUT-OFFS "POVERTY LINE"	PER CENT OF MEDIAN	BUDGET GUIDES	PER CENT OF MEDIAN
$17,055	1	Single Person Under 65	$ 9,619	56.4	$ 9,068	53.2
$27,471	2	Mother, Child 4	12,691	46.2	12,531	45.6
$27,471	2	Couple	12,691	46.2	13,582	49.4
$33,920	3	Mother, Children 3 and 8	16,977	50.1	15,455	45.6
$37,861	4	Mother, Children 3, 6, and 8	19,563	51.7	16,943	44.8
$37,861	4	Mother, Father Children 10 and 13	19,563	51.7	19,559	51.7

TABLE 6

PER CENT ADEQUACY OF SOCIAL ASSISTANCE INCOMES, 1983

FAMILY COMPOSITION	GENERAL WELFARE				FAMILY BENEFITS				GAINS - D			
		As a Per Cent of:				As a Per Cent of:				As a Per Cent of:		
	Total Income	Budget Guides	Poverty Line	Median Income	Total Income	Budget Guides	Poverty Line	Median Income	Total Income	Budget Guides	Poverty Line	Median Income
Single Person Under 65	$4,184	46.1	43.5	24.5	$ 5,768	63.6	60.0	33.8	$ 5,768	63.6	60.0	33.8
Mother, Child 4	6,885	54.9	54.3	25.1	7,851	62.7	61.9	28.6	8,931	71.3	70.4	32.5
Couple	6,536	48.1	51.5	23.8	7,568	55.7	59.6	27.5	8,648	63.7	68.1	31.5
Mother, Children 3 & 8	8,416	54.5	49.6	24.8	9,466	61.2	55.8	27.9	10,546	68.2	62.1	31.1
Mother, Children 3, 6 & 8	9,883	58.3	50.5	26.1	11,083	65.4	56.7	29.3	12,163	71.8	62.2	32.1
Mother, Father, Children 10 & 13	9,738	49.8	49.8	25.7	11,132	56.9	56.9	29.4	12,212	62.4	62.4	32.3

Note: The median income figure for one person households is derived from those where the largest source of income was wages and salaries. Budget Guide figures are net of taxes and tax credits and represent income needed to purchase 'budgetary requirements'. These requirements exclude OHIP and drug benefit costs as these are provided free to all recipients of social assistance.

Sources: Measuring Poverty: 1982 Poverty Lines, National Council of Welfare 1982; Guides for Family Budgeting, 1981, and 1983 Social Planning Council of Metropolitan Toronto, 1983; Income Distribution by Size in Canada, 1979, 1980 and 1981 (Prelim), Statistics Canada.

Even the disabled on the Guaranteed Annual Income System - Disabled (GAINS-D) program have total incomes equal to only 60 to 72% of the budget guides, and to 60 to 70% of the poverty line. Single persons and childless couples with one disabled adult are expected to live on incomes of $5,768 and $8,648 respectively. These incomes, in turn, fall short of adequacy measures by between $3,800 and $5,000.

When the incomes of social assistance recipients are compared to median incomes in Ontario for households of comparable size, it is evident that those on welfare are far worse off than most other Ontario families. In 1983, the total income available to an unemployable G.W.A. recipient is only 24.5% of the median income for a single person. A mother of three on F.B.A. is expected to make ends meet on an income which is only 29.3% of the median, while a family of four with a disabled father on GAINS-D receives an income equal to 32.2% of the median. Taken together, social assistance recipients are living on incomes which represent only 24 to 34% of those experienced by the typical Ontario household of comparable size.

Changes in the adequacy of social assistance incomes for the four typical families since 1975 are shown in Table 7 as well as Figures 2, 3 and 4. The data reveals a remarkably similar pattern across all three programs. The incomes of General Welfare, Family Benefits and GAINS-D recipients declined significantly between 1975 and 1980, with a modest improvement in real living standards during the last couple of years. Still, assistance incomes in 1983 remain well below the adequacy levels experienced by recipients in 1975.

TABLE 7
ADEQUACY OF ONTARIO SOCIAL ASSISTANCE PROGRAMS, 1975 TO 1983

G.W.A.	BUDGET GUIDE INCOMES			POVERTY LINE INCOMES		
	1975	1980	1983	1975	1980	1983
Single person under 65	48.9	42.4	46.1	51.8	39.7	43.5
Mother with one child	65.4	52.5	54.9	63.8	52.7	54.3
Mother with three children	66.2	55.7	58.3	57.7	48.9	50.5
Mother and Father with two children	56.2	48.0	49.8	59.0	48.8	49.8

F.B.A.	BUDGET GUIDE INCOMES			POVERTY LINE INCOMES		
	1975	1980	1983	1975	1980	1983
Mother with one child	71.3	57.7	62.7	69.6	57.9	61.9
Mother with three children	71.6	60.5	65.4	62.4	53.1	56.7
Mother and Father with two children	61.5	52.9	56.9	64.6	53.8	56.9

GAINS-D	BUDGET GUIDE INCOMES			POVERTY LINE INCOMES		
	1975	1980	1983	1975	1980	1983
Single person under 65	66.4	59.0	63.6	70.4	55.2	60.0
Mother with one child	82.8	67.1	71.3	80.8	67.3	70.4
Mother with three children	80.0	67.5	71.8	69.7	59.2	62.2
Mother and Father with two children	68.4	58.9	62.4	71.9	59.8	62.4

Note: An upward revision to the "low-income cut-offs retroactive to 1978, and changes to the quantity standards which make up the budget guides in 1981, have resulted in compensating adjustments for intervening years in both data series.

FIGURE 2 ADEQUACY OF ONTARIO SOCIAL ASSISTANCE PROGRAMS, 1975 TO 1983: GENERAL WELFARE ASSISTANCE

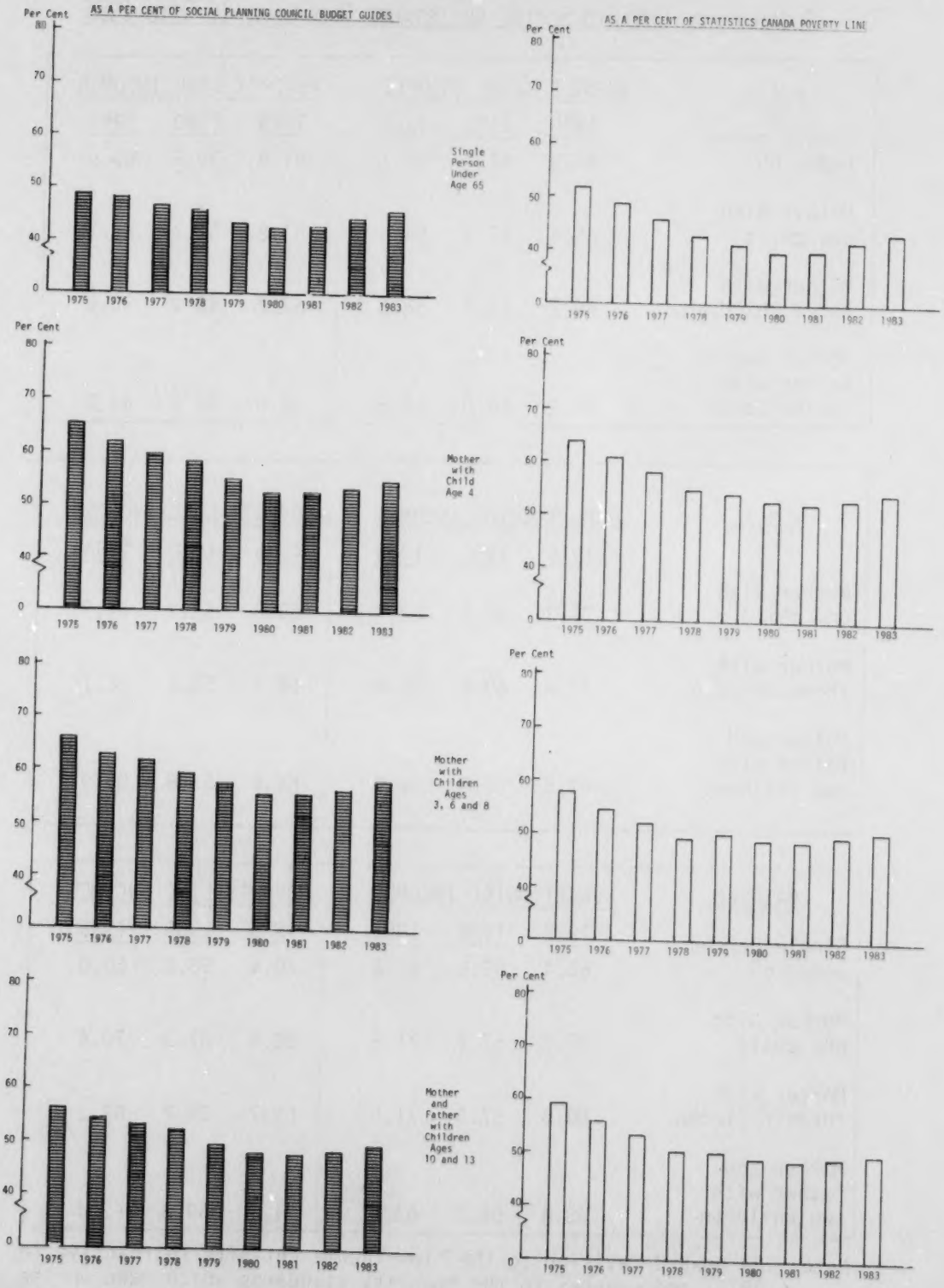

AS A PER CENT OF SOCIAL PLANNING COUNCIL BUDGET GUIDES
AS A PER CENT OF STATISTICS CANADA POVERTY LINE
Per Cent
80
70
60
50
40
0
1975 1976 1977 1978 1979 1980 1981 1982 1983
Single Person Under Age 65
Mother with Child Age 4
Mother with Children Ages 3, 6 and 8
Mother and Father with Children Ages 10 and 13

FIGURE 3 ADEQUACY OF ONTARIO SOCIAL ASSISTANCE PROGRAMS, 1975 TO 1983: FAMILY BENEFITS

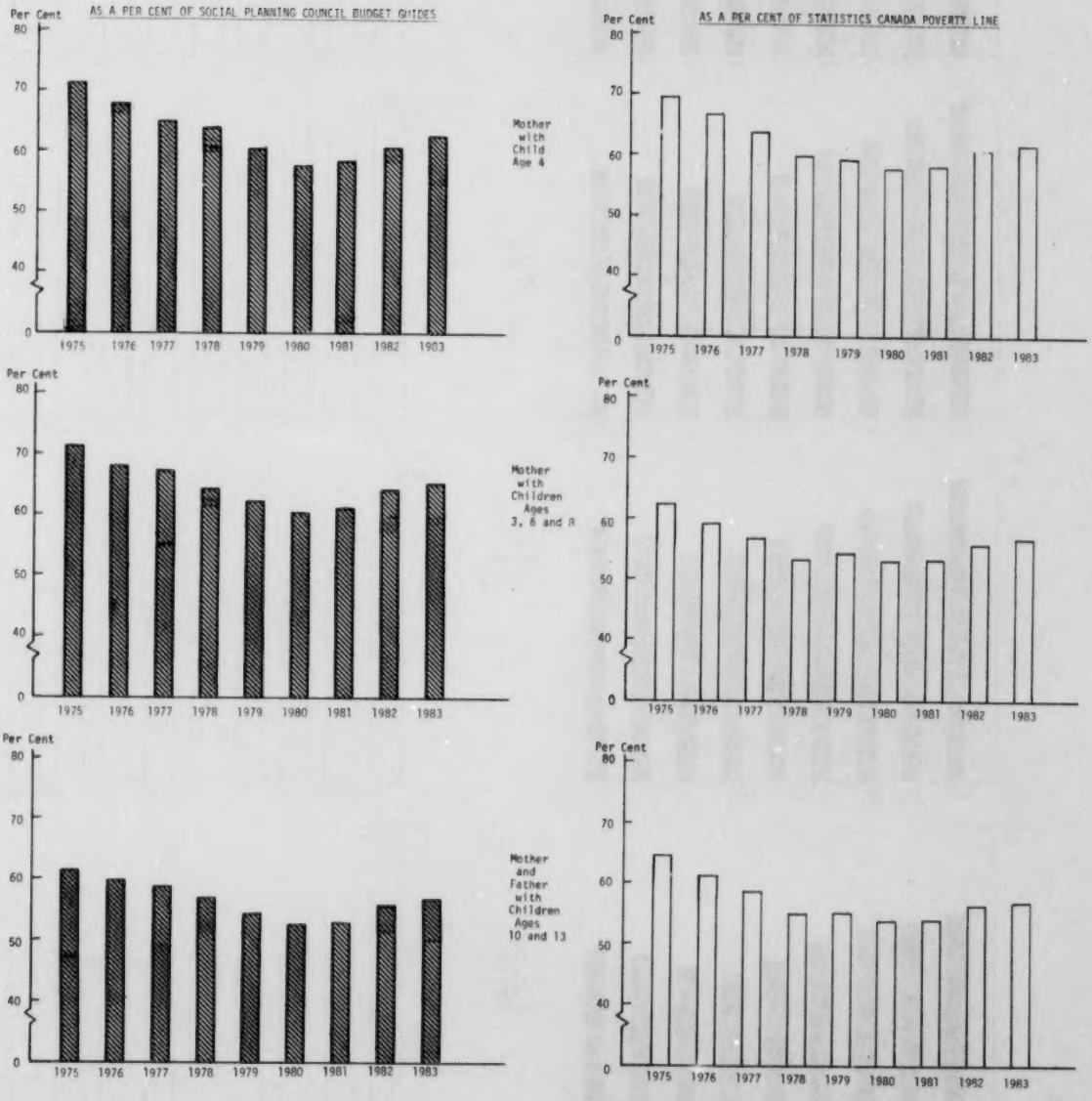
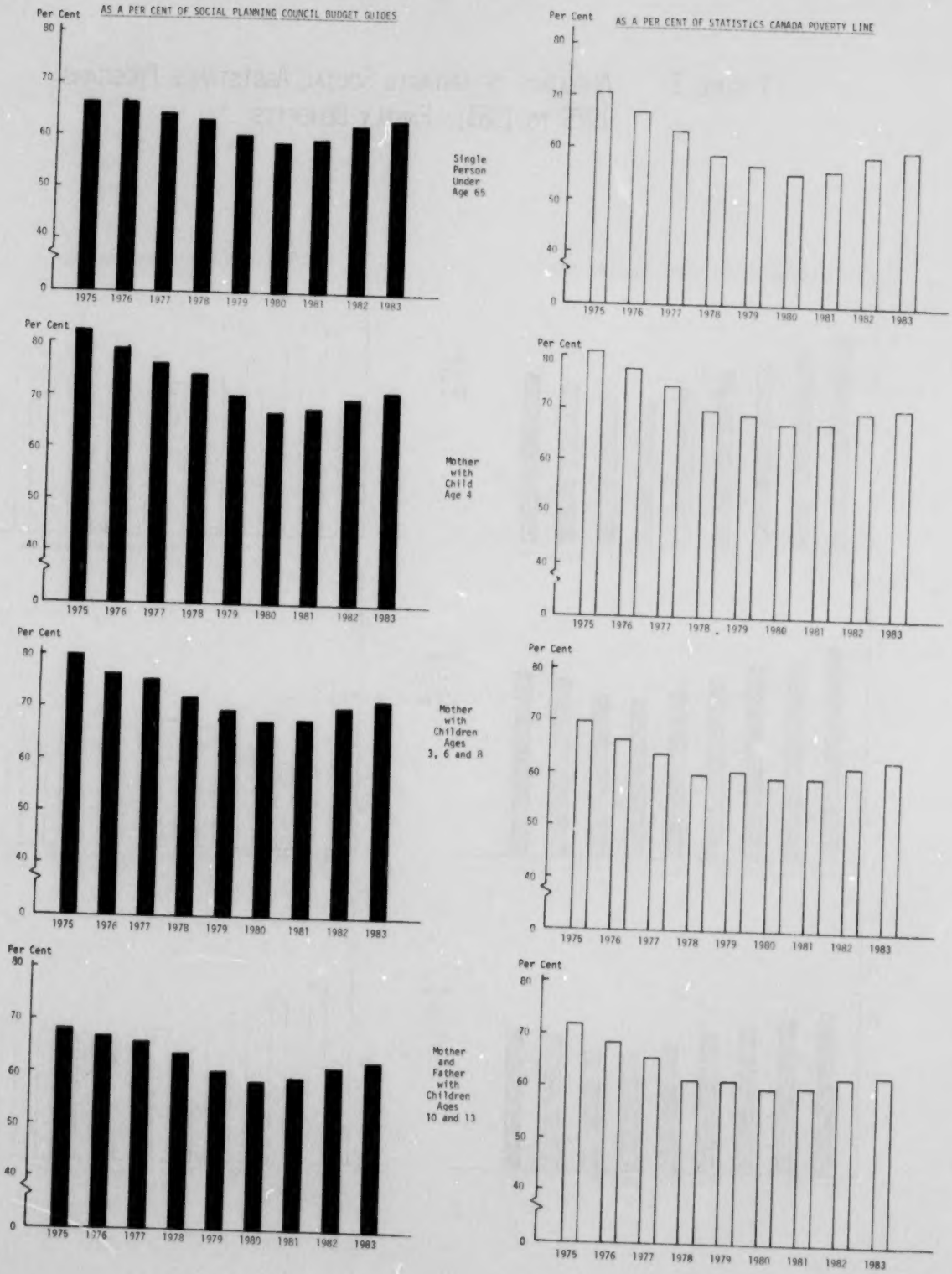


FIGURE 4 ADEQUACY OF ONTARIO SOCIAL ASSISTANCE PROGRAMS, 1975 TO 1983: GAINS-D


AS A PER CENT OF SOCIAL PLANNING COUNCIL BUDGET GUIDES
AS A PER CENT OF STATISTICS CANADA POVERTY LINE
Per Cent
80
70
60
50
40
0
1975 1976 1977 1978 1979 1980 1981 1982 1983
Single Person Under Age 65
Mother with Child Age 4
Mother with Children Ages 3, 6 and 8
Mother and Father with Children Ages 10 and 13

Disabled persons have fared somewhat better than other assistance recipients because their per capita benefits are higher. But the same chronic pattern of income inadequacy exists and their incomes have displayed the same precipitous decline since 1975.

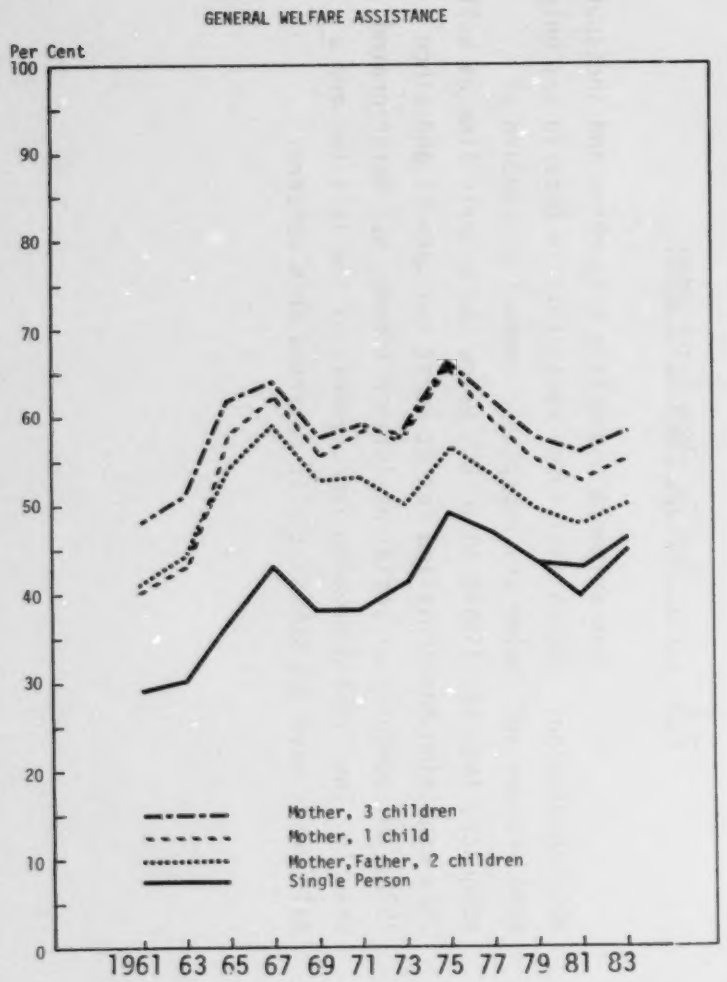
2.3 A Long Term Perspective

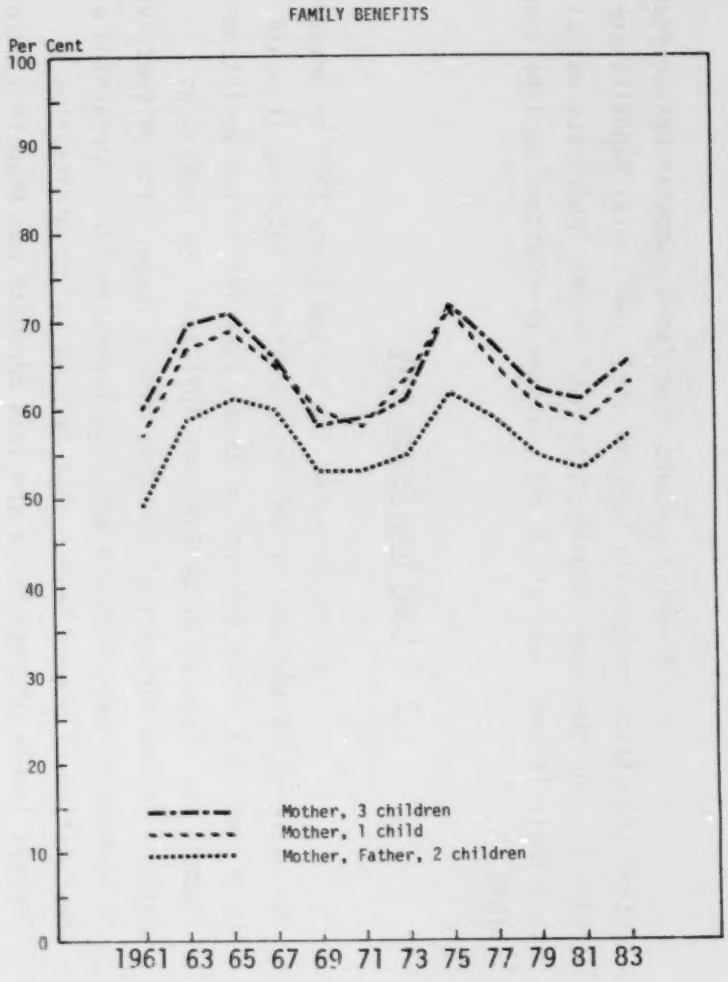
By focussing on the period since 1975 to measure the patterns of adequacy in welfare recipients incomes, it could be argued that since 1975 was a "peak" year for social assistance incomes the patterns of decline are inflated. By looking at changes in the adequacy of benefits over a longer time perspective, it becomes evident that the adequacy levels in 1975 represented a restoration of higher levels that existed in the mid-sixties. Present levels of assistance are less adequate now than they were in 1965, but more adequate than they were in 1972 (Figure 5).

2.4 . . . And The Poor Get Poorer

This evidence suggests a disturbing and indisputable conclusion: social assistance recipients in Ontario not only have incomes well below any acceptable community standard of adequacy, they are living 30 to 60% below the poverty line as well. This condition has prevailed for at least two decades and since 1975, the adequacy of social assistance incomes has deteriorated sharply. The limited program improvements of the last two and a half years have not substantially reversed this pattern.

FIGURE 5 ADEQUACY OF INCOMES FOR FOUR TYPICAL FAMILIES MEASURED AGAINST SOCIAL PLANNING COUNCIL BUDGET GUIDES, 1963 TO 1983





1. In April 1980, G.W.A. established a separate benefit rate for single unemployable, and single employable persons.

There is little question that poverty has serious social costs. (6) Poor people generally have less access to adequate nutrition, clothing and housing. They tend to experience more serious health problems and stresses related to discouraging personal circumstances. Perhaps most important, the very existence of poverty is an important barrier to the development of young people. Economic need frequently lowers educational goals, career expectations and the hope that self-help efforts will produce improved living conditions.

All of this is well-known by policy makers. Yet, in the eight years since 1975 the historically inadequate living standards of Ontario's social assistance recipients have been permitted to decline even further. The poor are getting poorer. And the modest incremental improvements of the last two years are a wholly insufficient response to the severity of this situation.

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(6) Harp, J. and J.R. Hoflely. Poverty in Canada, op.cit., pp. 39-101.

SECTION 3.0 THE EFFECTS OF SHELTER ALLOWANCES AND RENT GEARED-TO-INCOME HOUSING ON SOCIAL ASSISTANCE INCOMES

3.1 Subsidized Housing and Income Adequacy

In assessing the adequacy of social assistance programs it is often stated that the basic incomes of recipients give an unfair picture of what it is actually like to live on welfare; the argument is made that shelter allowances or rent-geared-to-income housing raise social assistance incomes to standards of adequacy. This section examines the contribution of subsidized housing in improving the adequacy of welfare recipients incomes.

3.2 The Provincial Shelter Allowance Program

Prior to the introduction of the province-wide shelter allowance program in November, 1981, those recipients renting their housing on the private market were at a considerable economic disadvantage in comparison to those living in rent-geared-to-income units.[7] Shelter supplements were available in some municipalities, including Metropolitan Toronto, which agreed to cost-share these benefits either through special assistance or supplementary aid. In many other communities in Ontario, they were simply not available.

The provincial shelter allowance program represented an important initiative by the government of Ontario in recognizing the need to cushion welfare recipients who rent on the private market from the burden of high shelter costs. Under this program, the province agrees to cover 75% of any rental payment over a threshold amount and up to a specified maximum which varies by household size (see Table 8).

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(7) The initial version of . . . AND THE POOR GET POORER identified disparities in disposable after-shelter incomes of between 40 and 90%.

TABLE 8
RENTAL RANGE WHERE SUBSIDY APPLIES FOR ONTARIO SHELTER ALLOWANCE PROGRAM, 1983

Household Size	Rent Range Threshold	Eligible For 75% Subsidy Upper Limit	Maximum Allowance
1	$ 100	$ 200	$ 75
2	170	283	85
3	180	307	95
4	190	330	105
5	200	353	115
6+	210	377	125

In considerations of income adequacy throughout this study, the maximum possible shelter allowance has been included in recipients' incomes. The reason for doing this is that the budget guide adequacy standards include an amount for rent based on the 30th percentile rents paid in Metro Toronto. This represents the level of rent at which 30% of the available units of that size can be rented. Since the rent levels used in the budget guides exceed the upper limit of the rent range of the shelter allowance program in each case, it was appropriate to use the maximum allowances.

3.3 THE EFFECT OF SHELTER ALLOWANCES ON ADEQUACY

The effect of maximum shelter allowances in augmenting the incomes of the four typical families is shown in Table 9. As the data indicates, shelter allowances make an important contribution to the total incomes of recipients. The amount varies from about 10 to 13% in the case of the two four-person families, up to 21.5% for a single person on G.W.A.

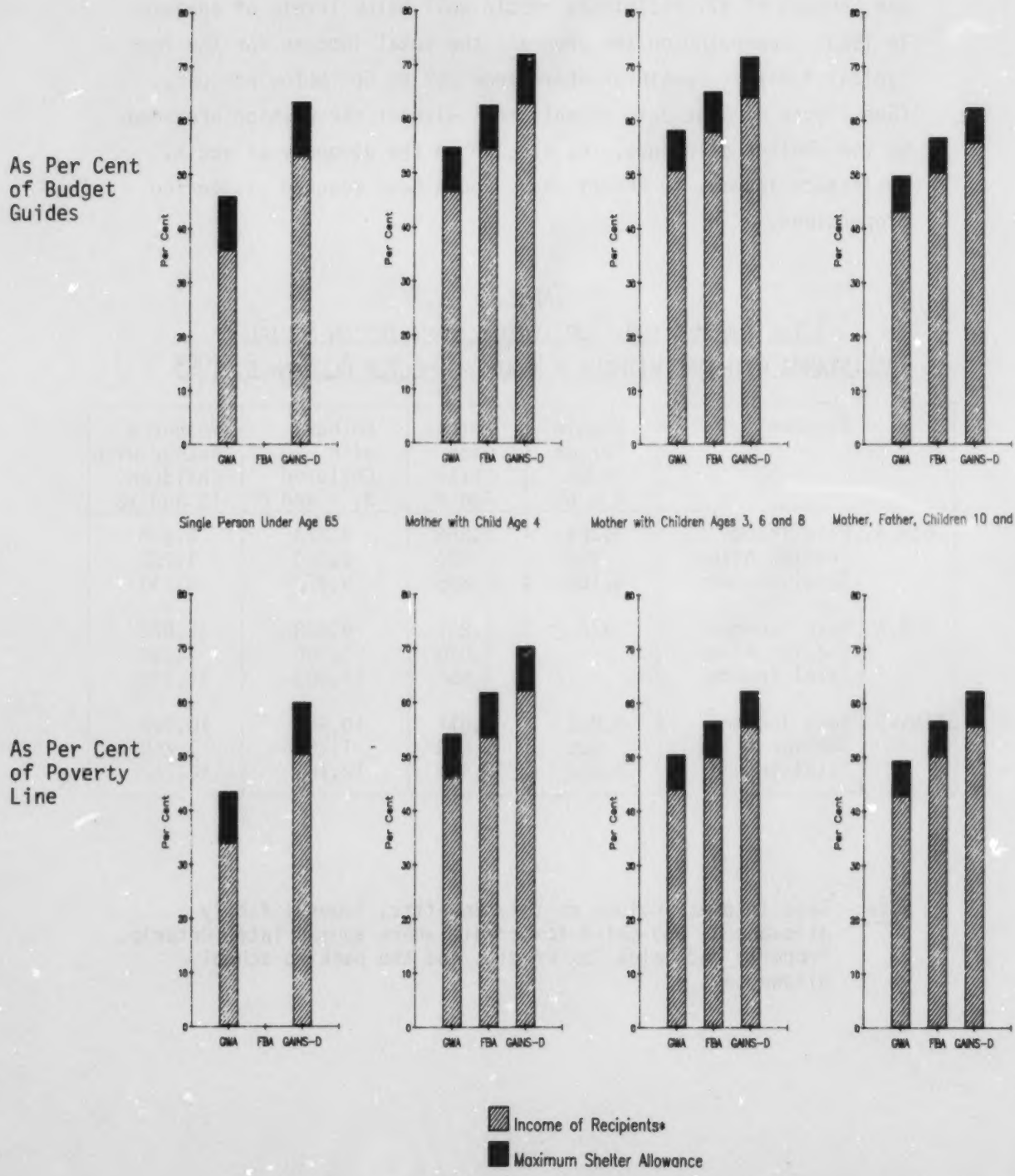
Even with a maximum possible shelter allowance, the incomes of all recipients remain well below levels of adequacy in 1983. Depending on the program, the total incomes for the four typical families remain anywhere from 28% to 56% below adequacy. (See Figure 6) The data reveals that without the cushion provided by the shelter allowance, the erosion in the adequacy of social assistance incomes in recent years would have reached staggering proportions.

TABLE 9
TOTAL INCOMES FOR FOUR TYPICAL FAMILIES ON SOCIAL ASSISTANCE WITH AND WITHOUT A MAXIMUM SHELTER ALLOWANCE, 1983

Program		Single Person Under Age 65	Mother with Child Age 4	Mother with Children 3, 6 and 8	Mother & Father With Children 10 and 13
G.W.A.	Base Income	3,284	5,865	8,623	8,478
	Shelter Allow.	900	1,020	1,260	1,260
	Total Income	4,184	6,885	9,883	9,738
F.B.A.	Base Income	N/A	6,831	9,823	9,872
	Shelter Allow.		1,020	1,260	1,260
	Total Income		7,851	11,083	11,132
GAINS-D	Base Income	4,868	7,911	10,903	10,952
	Shelter Allow.	900	1,020	1,260	1,260
	Total Income	5,768	8,931	12,163	12,212

Note: Base Incomes include monthly benefits, federal family allowances, and child tax credit where appropriate, Ontario Property and Sales Tax Credits and the back to school allowance.

FIGURE 6 EFFECT OF MAXIMUM SHELTER ALLOWANCE ON THE ADEQUACY OF SOCIAL ASSISTANCE RECIPIENTS INCOMES, 1983



* Includes monthly prorated federal transfers and provincial tax credits

Excluding the shelter allowance, total incomes on General Welfare ranged from 34% of adequacy for a single unemployable person to 51% for a mother with three children. The adequacy measure on Family Benefits varied from 50 to 58%, while the adequacy of incomes on GAINS-D ranged from 50 to 64%. For those on welfare receiving little or no shelter allowance in 1983, the adequacy of their total incomes has been eroded by an additional 3 to 6% since 1980.

3.4 Rent-Geared-To-Income Housing

In some cases people on social assistance live in rent geared-to-income housing. This may be in the form of a unit in a public housing development run by Ontario Housing Corporation. It also includes municipal non-profit housing developments, co-operative housing projects and subsidized units in the private rental market. When social assistance recipients live in rent-geared-to-income housing, they receive a considerable benefit-in-kind which increases substantially their ability to purchase non-shelter items compared to recipients whose housing is not subsidized. (See Table 10).

The actual impact of rent-geared-to-income housing on the incomes of recipients is shown in Table 11. In determining the shelter costs for those renting on the private market, rents have been adjusted to reflect the maximum possible shelter allowances available from the provincial government. Rent levels on the private market are based on the 30th percentile rents for appropriate sized units in Metro Toronto. Recipients of social assistance living in rent-geared-to-income housing pay rent in accordance with a scale developed by the Ministry of Community and Social Services.

TABLE 10
COMPARISON BETWEEN PRIVATE MARKET AND SUBSIDIZED RENTS

Family Size	Private Market Rent Levels	RENT-GEARED-TO-INCOME SCALE		
		G.W.A.	F.B.A.	GAINS-D
1	270	43	65	65
2	372	101	120	130
3	439	120	140	148
4	439	137	156	163

In each case, the shelter costs are subtracted from monthly benefits to reveal the after-shelter disposable income that remains for purchasing all other budgetary requirements. It is evident from Table 11 that even with the maximum shelter allowance available, the monthly benefits of each of the four typical families is too small to permit them to afford private rental housing without using funds needed to provide food, clothing and other essential items.

For example, if a single G.W.A. recipient paid the prevailing market rent for housing, this would leave only $55 a month in disposable income to meet other requirements. Similarly, a mother with three children would have only $182 left to provide for basic family needs if she rented accommodation on the private market. The cost of providing a nutritious, balanced diet alone for these families according to budget guide standards, would be $132 and $324 respectively.

Neither of these families is likely to sacrifice food, clothing and other essential items to this extent. Nor should they have to. For all four typical families on General Welfare, and in the case of the two four-person families on Family Benefits, monthly benefits

TABLE II

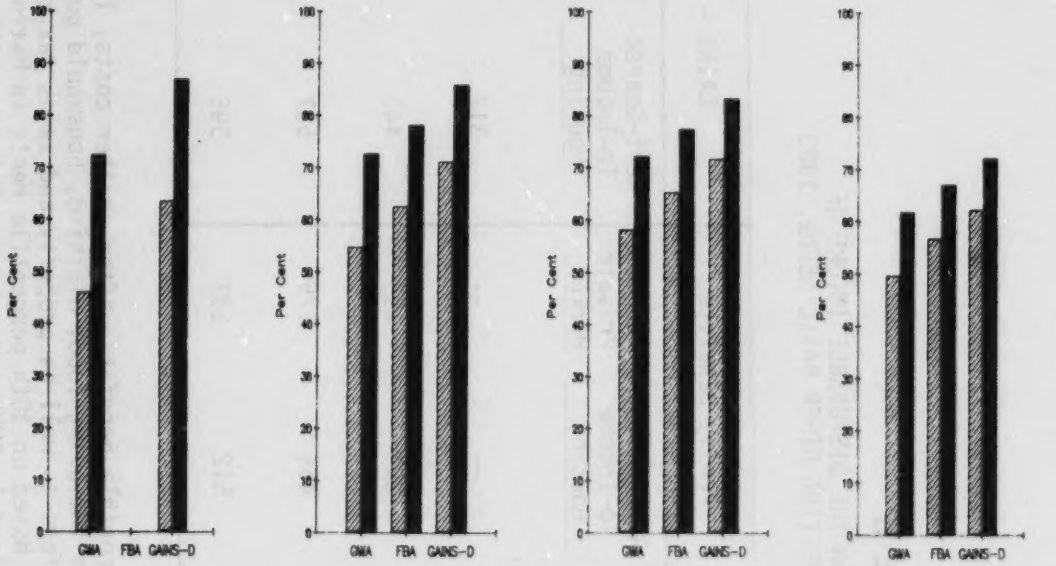
IMPACT OF SUBSIDIZED HOUSING ON THE DISPOSABLE INCOME OF SOCIAL ASSISTANCE RECIPIENTS IN MEETING OTHER BASIC NEEDS, 1983

Disposable Income of:	General Welfare Assistance		Family Benefits		GAINS - D	
	Rent-Geared-To-Income Housing	Rent on Private Market	Rent-Geared-To-Income Housing	Rent on Private Market	Rent-Geared-To-Income Housing	Rent on Private Market
Single Person Under 65	207	55	--	--	317	187
Mother, Child 4	303	116	361	193	441	283
Mother, Children 3, 6, 8	380	182	454	275	537	366
Mother, Father, Children 10, 13	425	227	512	333	595	422

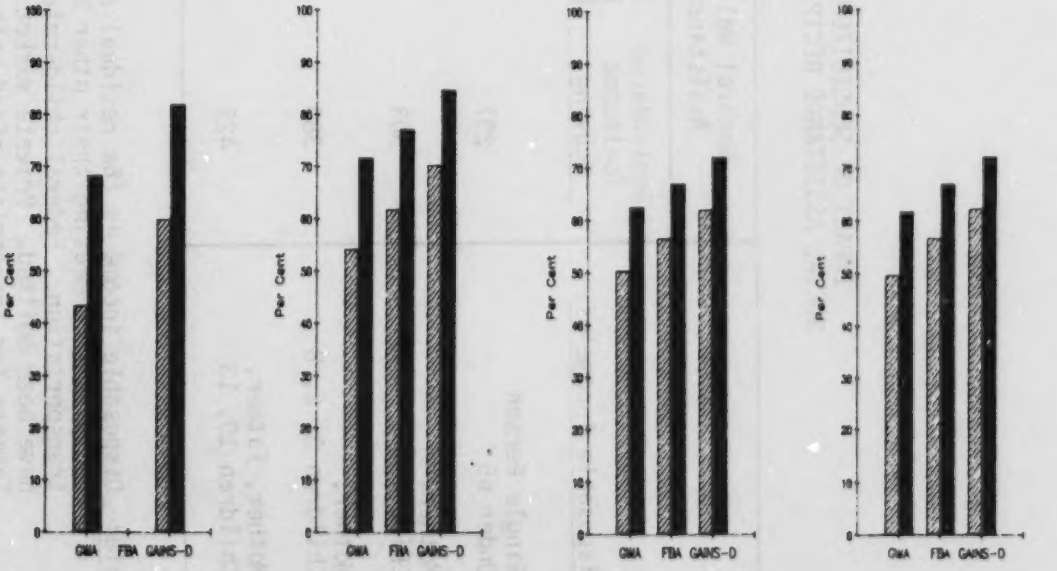
Note: Disposable income is the residual amount of monthly benefits, after shelter costs, left to recipients in meeting their other basic needs including food, clothing, household goods and transportation. Federal child-related transfers as well as property and sales tax credits have been omitted. Private market rents are based on 30th percentile rents in Metropolitan Toronto for appropriate sized units as contained in CMHC survey data, October, 1982.

FIGURE 7 ADEQUACY OF SOCIAL ASSISTANCE INCOMES WITH AND WITHOUT RENT-GEARED-TO-INCOME HOUSING

As Per Cent of Budget Guides


Per Cent
GWA FBA GAINS-D
Single Person Under Age 65
Mother with Child Age 4
Mother with Children Ages 3, 6 and 8
Mother, Father, Children 10 and 13

As Per Cent of Poverty Line



including the maximum shelter allowance are insufficient to provide even the basics of food and shelter. This means that many social assistance families will continue to be forced by economic necessity to live in inadequate and unsuitable housing, often on poor diets, unless monthly benefits are substantially upgraded or a rent-geared-to-income unit becomes available to them.

3.5 Effect of Rent-Geared-To-Income Housing on Adequacy

How does living in rent-geared-to-income housing affect the adequacy of the incomes of welfare recipients? As measured against both the Social Planning Council's budget guides and the Statistics Canada poverty line, subsidized housing makes a significant difference to the adequacy of social assistance incomes. Figure 7 compares the adequacy of recipients incomes with rent-geared-to-income housing to that experienced by recipients receiving the maximum shelter allowance.

Using the budget guides, levels of adequacy for recipients living in rent-geared-to-income units are 16 to 57% higher than their counterparts renting on the private market. Of all the typical families, the single person and the mother with one child on GAINS-D reach the highest adequacy levels with 87% and 86% respectively. The lowest level of adequacy is recorded by the two-parent family with two children on G.W.A. whose income rises to only 62% of the budget guide amount.

Using the Statistics Canada poverty line, levels of adequacy are similarly improved. Again, recipients living in subsidized units are 16% to 57% better off than their counterparts renting on the private market. The typical families on GAINS-D display adequacy levels in the range of 72% to 85%. On Family Benefits, the levels of adequacy varied from 67% to 77%, while on General Welfare they remained between 62% and 72%.

There is no question that the availability of rent-geared-to-income housing significantly improves the adequacy of social assistance incomes. Yet, even with the provision of rent-geared-to-income housing all welfare recipients continue to live below any accepted community standard of adequacy, some by as much as 38%.

3.6 The Scope of Housing Subsidization

While it is true that rent-geared-to-income housing does effectively improve the income position of social assistance recipients by removing the high cost of private market rents, most people on welfare do not live in subsidized housing. Estimates of the proportion of the social assistance caseload living in rent-geared-to-income units are available for Metropolitan Toronto only (see Table 12).

The data indicate that 27.4% of F.B.A./GAINS-D cases and 12.7% of G.W.A. cases are living in subsidized units in Metro. In addition, since Metropolitan Toronto possesses about 58% of the subsidized family housing units in Ontario, but only about 27% of the province's welfare caseload, it can be safely assumed that a minority of the province's social assistance recipients have rent-geared-to-income housing available to them(7). Data for the province as a whole indicate that slightly more than one in five F.B.A./GAINS-D cases were living in subsidized housing as of March 1983.

Thus, while rent-geared-to-income housing confers a substantial benefit to people receiving social assistance, the number of subsidized housing units would need to be greatly expanded before the inadequacy of social assistance incomes could be effectively addressed.

(7) Information supplied by Ontario Housing Corporation.

Table 12
Proportion of Social Assistance Caseload Living In Subsidized Housing In Metropolitan Toronto - June 1982

	G.W.A.	F.B.A./ GAINS-D
Total Caseload	26,088	29,768
Cases Living in Rent-Geared-To-Income	3,316	8,151
% of Total Cases	12.7	27.4

Source: Housing Authority of Metropolitan Toronto

3.7 An Inter-Provincial Perspective

Making comparisons on an inter-provincial basis regarding the after-shelter disposable incomes of recipients is made difficult by the fact that the shelter component of monthly benefits is handled so differently across the country. Table 13 looks specifically at the monthly after-shelter income for one parent/one child and two parent/two children families. While some provincial benefit rates include maximum shelter components which either equal or exceed average market rents, others do not. While most have a stated maximum, others have a variable maximum depending on the average market rent in a particular community. In the cases of Ontario, New Brunswick and Quebec, the shelter component of monthly benefits does not accurately reflect prevailing rents on the private market. It tends to do so in the remaining seven provinces.

In constructing Table 13, data from CMHC apartment rental surveys has been substituted for Ontario, Quebec and New Brunswick. To increase the comparability of the data, a one-bedroom unit was taken as the norm for the two-person family with a three bedroom unit serving as the norm for the four person family. For the one parent/one child family, the monthly after-shelter income in Ontario of $263 results in a fourth place ranking. The two

TABLE 13

MONTHLY AFTER-SHELTER INCOME FOR OTHER BASIC NEEDS, JANUARY 1983

Province	One Parent/One Child (4 Years Old)				Two Parents/Two Children (Aged 10, 13)			
	Monthly Benefits[1]	Shelter Cost[2]	Amount Remaining	Rank	Monthly Benefits[1]	Shelter Cost[2]	Amount Remaining	Rank
Newfoundland	546	228	318	2	644	278	366	8
P.E.I.	523	310	213	9	760	355	405	6
Nova Scotia	572	359	213	10	805	392	413	5
New Brunswick	519	265	254	8	558	315	243	10
Quebec	537	276	261	6	718	325	393	7
Ontario	566	303	263	4	667	416	251	9
Manitoba	540	279	261	5	932	399	533	2
Saskatchewan	686	355	331	1	1,011	415	596	1
Alberta	733	475	258	7	1,066	560	506	3
B.C.	640	340	300	3	870	455	415	4

Notes: 1) Monthly benefits are based on long-term rates as of January, 1983.

2) Where the provincial benefit rates include a shelter component designed to reflect prevailing market rents, the maximum allowable rental component was used. Where this was not the case - New Brunswick, Quebec and Ontario - data from CMHC apartment rental surveys was substituted.

Sources: Policy, Planning and Information Branch, Health and Welfare Canada; Apartment Rental Surveys, Canada Mortgage and Housing Corporation.

parent/two children family did not fare nearly as well with an after-shelter income of $251, ranking a distant ninth.

The after-shelter incomes for the two-person family fall into three distinct groups. The first group, made up of Saskatchewan, Newfoundland and British Columbia all have monthly after-shelter incomes of $300 or more. The second group of five provinces, including Ontario, have after-shelter incomes of between $254 and $263. The third group, consisting of P.E.I. and Nova Scotia have incomes of only $213. The discrepancies among after-shelter incomes for the four-person family are appreciably larger, from a high of $596 in Saskatchewan to a low of $243 in New Brunswick. Quebec and Newfoundland which were 7th and 8th, had after-shelter incomes of $393 and $366 respectively - about 50% more than 9th-ranked Ontario's $251.

SECTION 4.0 EQUITY BETWEEN ASSISTANCE PROGRAMS

4.1 The Principle of Equity

The principle of equity in income security programming implies that people in similar family, social and economic risk situations should be treated as equals when benefits are conferred. Since income assistance programs are intended to address conditions of disadvantage and inequality in society, it is important that they operate equitably. This means that, as a general rule, assistance programs should provide equal levels of benefits to equals. This avoids bias in favour of or against any particular individual or group in need. Departures from this general rule may be acceptable, but they should be defended by clearly stated and measurable policy objectives.

4.2 Short-Term and Long-Term Assistance

The income levels of four typical assistance households receiving G.W.A., F.B.A, and GAINS-D are shown in Figure 8. Also shown for comparative purposes are the levels of income received as a survivor's benefit under the Worker's Compensation Program (Widow's Pension). It can be seen that assistance programs in Ontario provide the same sized households with different levels of income.

In some respects, these differences appear to be justified. For instance, a household with a short-term need for assistance is less likely to require income for the acquisition or replacement of consumer durables -- furniture, appliances and so forth -- than a household with a long-term need. The Social Planning Council has established that the acquisition or replacement of

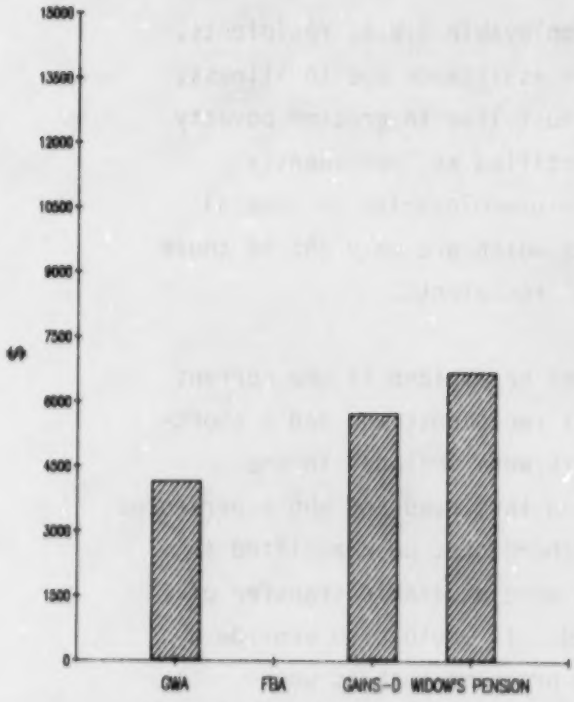
capital items accounts for between 10 and 12% of income requirements. Thus, while the difference in benefits is greater than this, the lower levels of assistance paid to G.W.A. recipients relative to comparable F.B.A. and GAINS-D households can be considered appropriate.

However, the General Welfare Assistance caseload includes many households who have a long-term need. These are people who are categorized as unemployable due to old age, poor health or disability. Even though these persons are not expected to work and have severely limited income alternatives, they do not meet eligibility criteria which would enable them to secure long-term assistance.

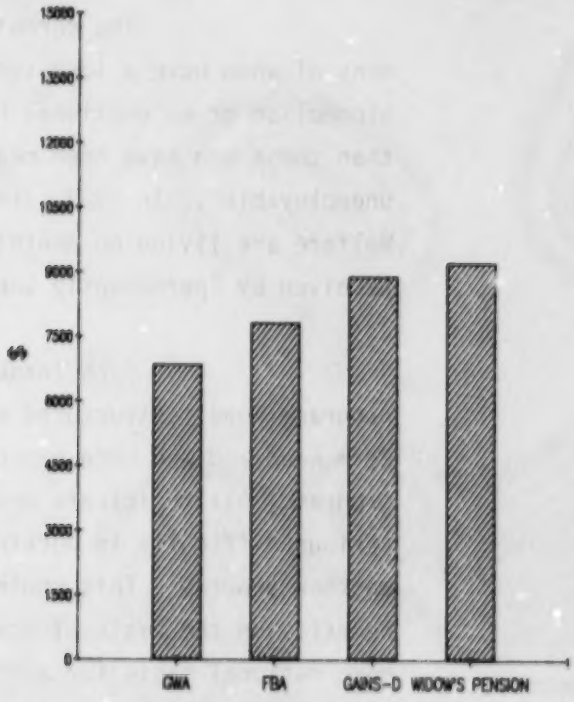
Prior to October 1981, there were in fact three distinct categories of long-term unemployable recipients. At that time, chronically unemployable recipients on G.W.A. were receiving $238 a month in benefits while permanently unemployable recipients on F.B.A. were receiving $257 a month. By contrast a single disabled person on GAINS-D received $337 a month. The previous edition of ...AND THE POOR GET POORER drew attention to this inequity and argued that all long-term unemployable cases should have access to long-term disability benefits.

The Ontario government has since merged the permanently unemployable caseload on F.B.A. with the disabled persons covered under GAINS-D. As these long-term unemployables on F.B.A. have been medically certified as "permanently unemployable", and there is little or no expectation that they will become fully-functioning members of the workforce, the province's decision to upgrade their benefits to match recipients on GAINS-D is entirely appropriate. While we fully support this initiative, it does not go far enough.

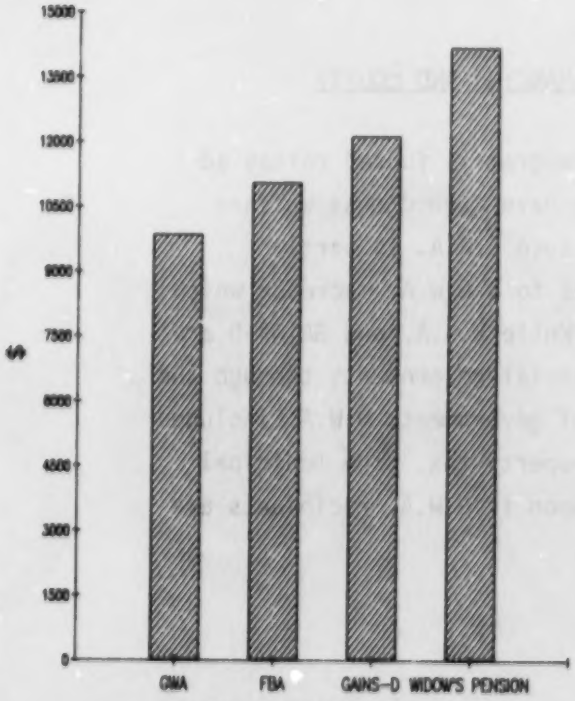
FIGURE 8 EQUITY ACROSS SOCIAL ASSISTANCE PROGRAMS, 1983



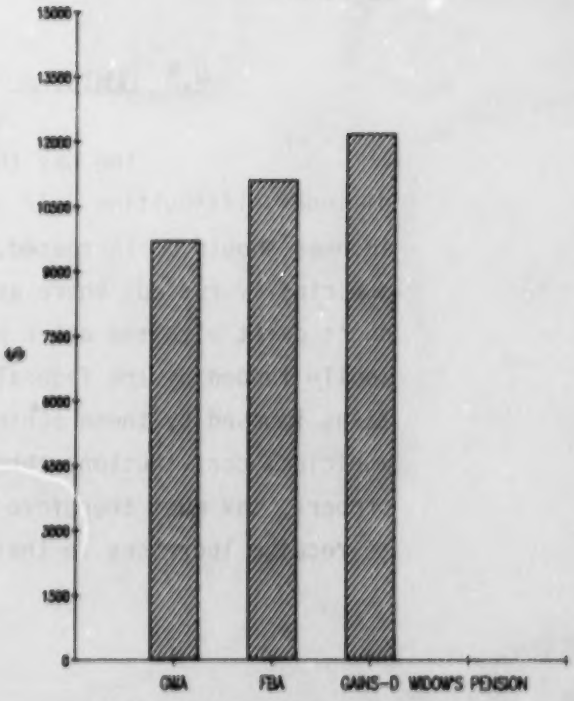
Single Person Under Age 65



Mother With Child Age 4



Mother, 3 Children



Mother, Father, Children 10 and 13

The chronically unemployable G.W.A. recipients, many of whom have a long-term need for assistance due to illness, alcoholism or an emotional handicap, must live in greater poverty than those who have been medically certified as "permanently unemployable". In 1983, the long-term unemployables on General Welfare are living on monthly benefits which are only 65% of those received by "permanently unemployable" recipients.

Such inequities might be avoided if the current programs were restructured so that all recipients who had a short-term need and who were expected to work were included in one program. All recipients who had a long-term need and who experienced serious difficulty in working would, therefore, be classified in another program. This would permit a more equitable transfer of benefits on the basis of economic need. It would also provide a more rational basis for administering programs such as work incentives and employment enabling services since individuals with long and short-term assistance requirements would not be mixed together.

4.3 Municipal Welfare Financing and Equity

The way the G.W.A. program is funded raises additional difficulties. In general, we have argued that welfare incomes should be increased. Yet, because G.W.A. is partly municipally funded, there are obstacles to a G.W.A. increase which don't exist with the other programs. While F.B.A. and GAINS-D are wholly funded by the federal and provincial governments through the taxes imposed by these senior levels of government, G.W.A. includes municipal contributions through the property tax. The municipal property tax must therefore be drawn upon if G.W.A. recipients are to receive increases in their incomes.

Two problems arise from this. First, it is generally recognized that the property tax is a less progressive revenue source than income tax (8). This is because the ability to own property is often not related to the ability to pay tax. Elderly homeowners who live on modest fixed incomes are a case in point. This means that an increase in G.W.A. may result in a more inequitable cost to taxpayers than would result from comparable increases in F.B.A. or GAINS-D.

Secondly, although their consent is not legally required, the province must consult municipalities before G.W.A. can be raised significantly. Municipalities, however, have a built-in disincentive to increase G.W.A. payments because they must share the costs. The last year has witnessed a substantial increase in the employable welfare caseload within Metropolitan Toronto due to rising unemployment and the exhaustion of U.I. benefits. Coupled with the provincial government's intention to limit transfers to municipalities to a 5% increase this year, there can be little doubt that many municipalities will be reluctant to see G.W.A. benefits significantly increased even though this is clearly necessary.

Between December 1981 and December 1982, the number of cases on G.W.A. in Metropolitan Toronto increased from 23,078 to 31,488, a growth rate of 36.4%. The average monthly caseload has grown from 22,537 in 1981 to 27,081 in 1982, an increase of 20.1%. Current projections anticipate that average monthly caseloads in 1983 will reach 33,000 to 35,000. Metro's welfare expenditures are expected to exceed $150 million in 1983 - a 35% increase in one year.

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(8) See the Local Property Tax in Metropolitan Toronto, Social Planning Council of Metropolitan Toronto, (Toronto, Feb./79)p.7.

Our welfare programs are the constitutional responsibility of the province, although the federal government contributes 50% of program costs under the Canada Assistance Plan. Ontario is one of only three provinces, Nova Scotia and Manitoba being the others, which requires municipalities to pay a percentage of the costs of welfare.

Since the property tax is essentially regressive, and so politically volatile, it is an inappropriate basis for financing programs to meet basic needs. It is the province's responsibility to provide welfare benefits to its residents in need of income support. Municipal financing of G.W.A. should therefore be terminated; both short-term and long-term assistance programs should be fully funded through federal and provincial income tax revenues.

4.4 Widow's Benefits

The comparison of the Widow's Pension to G.W.A., F.B.A. and GAINS-D incomes raises a complex question in income security programming. It can be seen that a widow protected by the Worker's Compensation scheme receives consistently higher levels of income than comparable G.W.A., F.B.A. and GAINS-D households (Figure 8). It should be noted that, unlike social assistance programs, the Widow's Pension is a non means-tested income replacement program. Assets of the beneficiary are not a factor; the death of the spouse in the workplace establishes eligibility. The Widow's Pension is thus administered by a different bureaucracy and was established for a somewhat different purpose than social assistance programs.

The fact remains, however, that a widow whose husband died in the workplace receives greater financial assistance than a widow who receives F.B.A. and whose husband died unemployed or away from the workplace. These individuals are de facto equals, yet they receive different levels of benefits from different public programs.

This points to the existence of horizontal inequity between the Worker's Compensation Widow's Pension and the other three income assistance schemes; G.W.A., F.B.A. and GAINS-D recipients receive relatively smaller incomes even though their economic need is comparable.

The solution to this situation does not lie in reducing the benefits of the Widow's Pension. There is clearly a place for an adequately financed income replacement scheme. The best option would involve an upward adjustment of the benefits of G.W.A., F.B.A. and GAINS-D, with a view to establishing income adequacy at least equal to that of the Widow's Pension for recipients with long-term need.

4.5 Benefits For Disabled Persons

Finally, Figure 8 shows that GAINS-D incomes are consistently higher than those received under the G.W.A. and F.B.A. programs. It is widely believed that this is to account for extraordinary costs which result from disablement -- for assistive devices, appropriate housing and transportation, specialized medical services, etc. It is also said to reflect the more restricted capacity of disabled recipients to earn wage income relative to non-disabled recipients.

Yet, if these are the reasons for higher GAINS-D benefits, the method actually used for determining GAINS-D incomes does not reflect this. The provincial government does not employ a scientifically-determined index or measure of extraordinary costs of disablement as a basis for calculating GAINS-D incomes. Instead, the additional income received by GAINS-D recipients related to comparable G.W.A. and F.B.A. households seems to result from arbitrary policy decisions rather than any actual measure of extra costs. Again, this raises questions about equity. Since there is no measure of the economic impact of disability, it is impossible to verify whether differences in the levels of need between disabled recipients and their non-disabled peers are accurately reflected by the differences in program assistance levels. Such a measure is necessary to ensure that disabled persons receive precisely the protection that their disability warrants.

4.6 Other Equity Considerations

Changes in the composition of recipients incomes was discussed in Section 1. While income from monthly benefits has declined by as much as 29% since 1975, income from federal child-related transfers has grown in real terms by 26%. These federal transfers have helped to cushion the impact of provincial under-funding for families with children. The data presented in Section 3 makes it clear that social assistance recipients living in rent-geared-to-income housing are at a significant economic advantage when compared with their counterparts renting accommodation on the private market.

The selective nature of benefit rate increases and program improvements implemented since the spring of 1981 recognize these particular inequities. The data in Table 14 demostrates two

TABLE 14

SELECTIVE NATURE OF BENEFIT INCREASES, 1980-1983

	General Welfare			Family Benefits/GAINS-D*		
	1980 $	1983 $	Per Cent Change	1980 $	1983 $	Per Cent Change
SINGLE PERSON UNDER 65						
Total Income Including:						
Maximum Shelter Allow.	2842	4184	47.2	3951	5768	46.0
Partial Shelter Allow.	2842	3734	31.4	3951	5318	34.6
No Shelter Allowance	2842	3284	15.6	3951	4868	23.2
MOTHER WITH CHILD AGE 4						
Total Income Including:						
Maximum Shelter Allow.	4970	6885	38.5	5461	7851	43.8
Partial Shelter Allow.	4970	6375	28.3	5461	7341	34.4
No Shelter Allowance	4970	5865	18.0	5461	6831	25.1
MOTHER WITH CHILDREN AGES 3, 6 AND 8						
Total Income Including:						
Maximum Shelter Allow.	7110	9883	39.0	7718	11083	43.6
Partial Shelter Allow.	7110	9253	30.1	7718	10453	35.4
No Shelter Allowance	7110	8623	21.3	7718	9823	27.3
MOTHER, FATHER WITH CHILDREN AGES 10 AND 13						
Total Income Including:						
Maximum Shelter Allow.	7098	9738	37.2	8702	12212	40.3
Partial Shelter Allow.	7098	9108	28.3	8702	11582	33.1
No Shelter Allowance	7098	8478	19.4	8702	10952	25.9

*Note: Incomes for the two single-parent families reflect Family Benefit rates, while the incomes for a single person and the two-parent/two children family are based on GAINS-D rates.

important trends:

1) an attempt to target the greatest benefit increases to those families with high shelter costs, and

2) a modest effort to redirect money toward single person households.

In all cases, those recipients eligible to receive the maximum monthly shelter allowance experienced an increase in total income between 1980 and 1983 that was at least 50 per cent more than that experienced by those recipients who received no shelter allowance. In the case of a single person under 65, the disparity was more than 200 per cent.

For recipients receiving at least half the maximum shelter subsidy, increases in incomes have generally matched inflation during the last three years. But, for each of the four typical families receiving only a limited shelter allowance or none at all in 1983, their real incomes have continued to lag behind inflation since 1980. Thus, the Ontario government has worked to reduce these inequities between social assistance recipients largely through a redistribution of existing benefit levels and not by means of an overall upgrading of rates.

4.7 Income Standards

Under present arrangements, any variations within or between social assistance programs are determined by a complex interplay of decisions by the Ontario Cabinet, intergovernmental negotiations and bureaucratic prerogatives. It is very difficult for the public to review the process for providing public aid against

measurable policy objectives. There is no apparent justification for the way in which levels of benefits are now established.

A move toward standards of income adequacy would remove this problem. If such standards existed, setting income levels for assistance recipients would be a fairly straightforward matter. The actual costs of basic necessities would be itemized with adjustments made for variances in family size, family composition and other factors such as the extraordinary costs of disability. The totals would then be translated into income standards for individuals and families participating in the various programs. Any departure from these standards -- to meet special needs, to create work incentives -- would have to be publicly justified through the political process. In addition to creating a welfare system that is more publicly accountable, the move toward income standards would permit the presence or absence of equity to be more easily defined.

SECTION 5.0 EQUITY BETWEEN ASSISTANCE PROGRAMS

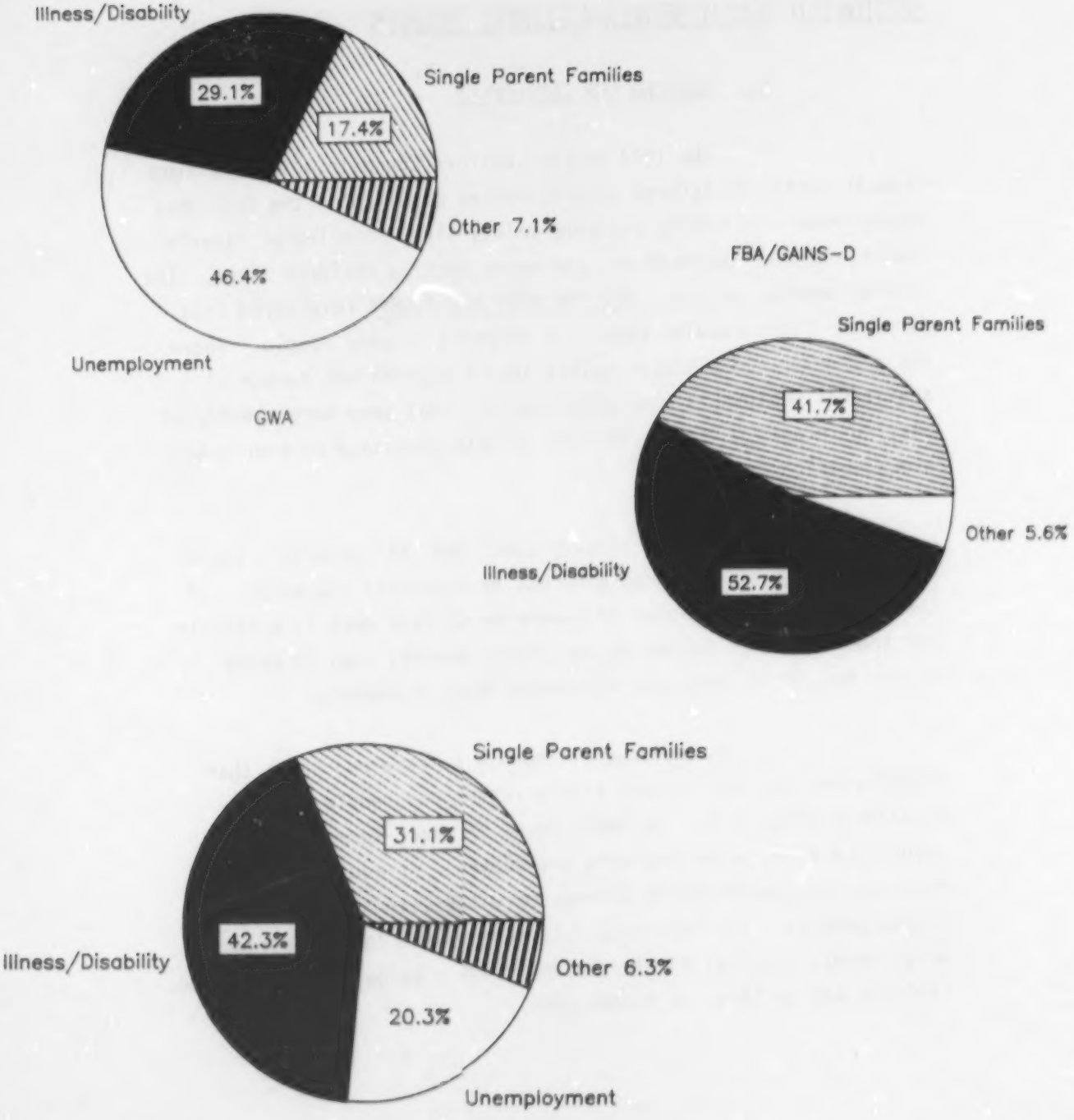
5.1 Reasons For Dependency

The 1977 Ontario Welfare Council/Social Planning Council social assistance program review highlighted the fact that people receiving public aid were mainly sick, disabled or elderly adults and their dependents, and women raising children alone. The initial version of . . . AND THE POOR GET POORER reinforced this finding. These results came as a surprise to many people. There was a popular but mistaken belief that a significant number of assistance recipients were undeserving; that they were capable of earning incomes but chose instead to take advantage of overly generous welfare programs.

We have already concluded that Ontario's social assistance programs are not generous by community standards. If the personal circumstances of people on welfare make it difficult for them to obtain income in the labour market, then it seems unjust for public programs to condemn them to poverty.

An analysis of the G.W.A. caseload shows that unemployment was the largest single reason why people needed assistance (Figure 9). In 1982, 46.4% of short-term recipients needed G.W.A. because they were unemployed. An additional 29.1% received assistance due to illness or disability and 17.4% were single parents. The remaining 7.1% were in the 'other' category which mainly consists of elderly individuals below pensionable age, students and children in foster care.

FIGURE 9 REASONS FOR DEPENDENCY ON SOCIAL ASSISTANCE, 1982



In the case of F.B.A./GAINS-D recipients, 52.7% needed assistance because of illness or disability, while 41.7% were heads of single parent families and 5.6% were in the 'other' category.

A look at the total social assistance caseload (G.W.A.,F.B.A. and GAINS-D combined) shows that 42.3% of cases were on assistance by reason of illness or disability, 31.1% were single parent families and 20.3% were on assistance because they were unemployed.

These data contest the view that social assistance recipients are undeserving of benefits. Under present circumstances it is clear that disabled people, single parents and the unemployed face serious obstacles to securing adequate incomes by their own means. Disabled persons face physical and attitudinal barriers to being hired and they often are inadequately prepared for competitive employment. (9) Women raising children alone, the majority of single parents receiving assistance, do not have sufficient affordable and good quality child care options available to them. (10) Disabled persons and sole support mothers alike have requirements for specialized support services -- for life skills training, vocational guidance, educational upgrading and job placement -- to enable them to work. Yet such programs are limited in number.

All this suggests that social assistance recipients would have extreme difficulty attaining adequate incomes

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(9) Employment and Disabled People, Ontario Welfare Council, 1980.

(10) Ibid, and Lynn Newton, Employment, Social Assistance and Sole Support Mothers in Ontario, Social Planning Council of Metropolitan Toronto, 1978.

without public support. The policy solutions are undoubtedly complex. If it is an objective to facilitate the financial independence of recipients, then it is clear that public initiatives should include a balanced mix of income and employment security strategies -- for job creation, for support services which enable employment, for wage protection, for job retention and for adequate income assistance. These strategies would also benefit other Ontarians who do not receive public assistance. In the absence of such a comprehensive set of policies, the present practice of maintaining assistance recipients in poverty is very harsh indeed.

5.2 Child Poverty

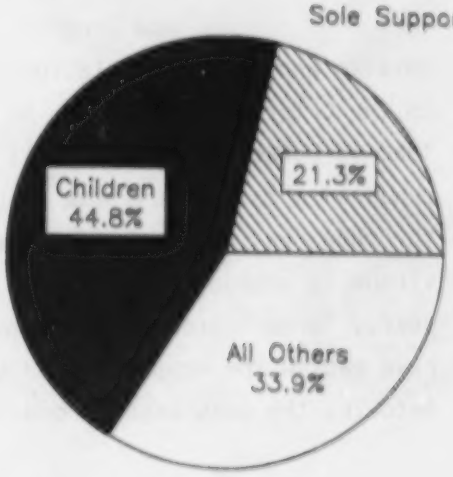
Like all Ontario families, people receiving social assistance require incomes which are adequate enough for the protection and development of children. Dependents 21 years of age and under represent a relatively high proportion of all beneficiaries of social assistance. Children represented 44.8% of F.B.A. (including GAINS-D) and 38.7% of total G.W.A. beneficiaries. When the programs are combined, it can be seen that children represented 42.1% of all beneficiaries of social assistance. (Figure 10).

In a report entitled Poor Kids, the National Council of Welfare documented the serious negative effects of poverty on Canadian children. (11) They showed that inadequate family incomes not only resulted in material deprivation for children, but increased the likelihood that they would suffer from poor health, malnutrition and family conflicts. Poverty was also linked to poor school attendance, low educational aspirations, low career expectations and conflicts with the law.

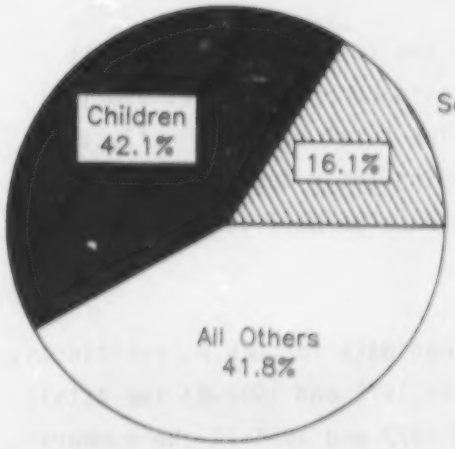
(11) National Council of Welfare, Poor Kids, Ottawa, March 1975

FIGURE 10 CHILDREN AND SOLE SUPPORT PARENTS AS A PER CENT OF ALL SOCIAL ASSISTANCE BENEFICIARIES, G.W.A. AND F.B.A./GAINS-D, 1982

GWA



FBA/GAINS-D



GWA AND FBA/GAINS-D COMBINED

The level of incomes provided to recipients of welfare have profound intergenerational impacts. If parents are maintained in poverty because of the inadequacy of public programs, then their children will suffer directly. Indeed, these children will have a greater likelihood of being poor when they become adults. The cost to society of keeping children in poverty is a significant loss of human potential.

5.3 Caseload Changes

How large is the social assistance caseload in Ontario and is the population on social assistance growing relative to the Ontario population? An analysis of the total welfare caseload in Ontario indicates that social assistance recipients have remained a fairly constant proportion of the Ontario population for more than a decade. Between 1973 and 1981, this ratio remained virtually unchanged at about 4.3% (Table 15). During the last two years, large increases in unemployment and a deepening recession have caused the proportion on social assistance to grow to 4.9% -- matching the peak experienced in 1971.

Numerical changes in the total caseload and the total beneficiaries of the various assistance programs between 1971 and 1983 are also given in Table 15. The total caseload reflects the number of program applicants excluding their dependents. The total beneficiaries includes the dependents as well as the applicants.

Looking at the caseload data for G.W.A. recipients, it can be seen that between the peaks in 1971 and 1982-83 the totals have fluctuated considerably. Between 1972 and 1976-77 the numbers decreased dramatically, probably as a result of improvements in

TABLE 15

RECIPIENTS OF SOCIAL ASSISTANCE IN ONTARIO, CASELOAD AND BENEFICIARIES, 1971-83

	CASELOAD				BENEFICIARIES				Beneficiaries as a % of Ontario's Population
	G.W.A.	F.B.A.	GAINS-D	TOTAL	G.W.A.	F.B.A.	GAINS-D	TOTAL	
1971	83,738	71,601		155,339	204,668	167,854		372,522	4.9
1972	82,772	80,108		162,880	181,221	187,721		368,942	4.7
1973	64,634	84,037		148,671	140,413	195,170		335,583	4.3
1974[1]	62,742	89,302		152,044	133,118	199,074		332,192	4.2
1975[1]	69,512	52,633	39,647	161,792	146,584	146,408	56,363	349,355	4.3
1975-76	64,815	56,799	42,570	164,184	135,199	152,609	59,942	347,750	4.3
1976-77	57,536	65,742	40,157	163,435	121,053	167,066	55,898	344,017	4.2
1977-78	62,042	72,314	40,142	174,498	124,987	177,939	54,704	357,630	4.3
1978-79	69,648	75,337	38,851	183,836	136,672	176,978	51,569	365,219	4.3
1979-80	70,477	77,551	36,429	184,457	136,688	176,526	47,215	360,429	4.2
1980-81	76,715	81,024	34,587	192,326	145,752	180,356	44,167	370,275	4.3
1981-82	78,927	86,277	32,919	198,123	150,778	189,202	40,764	380,744	4.4
1982-83	100,820	90,980[2]	33,392	225,192	183,160	199,040	41,350	423,550	4.9
Per Cent Change: 1971 to 76-77	-31.3	47.9		5.2	-40.9	32.8		-7.7	
Per Cent Change: 76-77 to 82-83	75.2	38.4	-16.8	37.8	51.3	19.1	-26.0	23.1	
Per Cent Change: 1971 to 82-83	20.4	73.7		45.0	-10.5	43.2		13.7	

1. Figures for G.W.A. are estimated based on data supplied in the Quarterly Statistical Supplement, January - March 1975, Ministry of Community and Social Services.

2. Permanently unemployable recipients were transferred to the GAINS-D level of benefit in November, 1982. They are included under the F.B.A. total for ease of comparison with previous years.

Source: Statistical Supplement to the Annual Reports 1971-75, and Program and Resource Summary 1975-76 to 1983-84, Ministry of Community and Social Services.

Note: Figure for the 1971 to 1975 period are based on caseload information for the end of the fiscal year (March 31st). All subsequent data are based on average monthly caseloads for the entire fiscal year.

federal unemployment insurance programs and a relatively more bouyant economy than in recent years. Since 1978, unemployment insurance regulations have been tightened despite rising unemployment and this has heightened the requirement for short term G.W.A. assistance. (12) Thus, while the number of G.W.A. recipients has grown by 20.4% over the twelve year period as a whole, between 1977 and 1983, the number of people receiving G.W.A. increased by more than 75%. Nearly 28% of this increase occurred during the last fiscal year alone.

It is more difficult to account for changes in the F.B.A. and GAINS-D caseloads. Under the present program structure, requirements for long-term assistance are primarily dependent upon the frequency of disability or family break-up, factors which are hard to analyze. Moreover, prior to 1974 and the establishment of the GAINS-D program, all disabled persons were included under F.B.A. This makes it difficult to determine whether changes in the total number of F.B.A. and GAINS-D recipients resulted from changes in program eligibility criteria or from other factors.

As Table 15 indicates, the combined F.B.A./ GAINS-D caseload increased by 73.7% between 1971 and 1982-83. The bulk of this increase took place between 1971 and 1976-77, during which the caseload grew by 47.9%. Since 1977, the total number of F.B.A. recipients increased by 38.4% while the number of GAINS-D recipients declined by 16.8%. The combined caseload has increased 17.4% over this same period.

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(12) See The Erosion of Unemployment Insurance, Social Planning Council of Metropolitan Toronto, December 1982.

As is the case with most new programs, GAINS-D likely was most attractive to applicants when it was first implemented; after it became established, the number of applicants levelled off. We also know that after 1975, more favourable per diem charges and comfort allowance benefits made F.B.A. more attractive to institutionalized disabled persons than the institutional benefits on GAINS-D. This meant that some GAINS-D recipients switched to F.B.A. thus reducing the GAINS-D caseload. The F.B.A. caseload increased correspondingly.

Overall, the total caseload of persons receiving assistance under G.W.A., F.B.A. and GAINS-D has increased substantially, particularly during the last few years. The caseload growth since 1977 has been 37.8%. For the twelve year period as a whole, the requirement for long-term assistance has grown more rapidly than has the requirement for short-term assistance. By contrast, between 1976-77 and 1982-83 fully 70% of the growth in the social assistance caseload has come from short-term assistance under G.W.A.

5.4 Growth In The Number of Welfare Beneficiaries

When the data for beneficiaries is examined, it can be seen that the total number of people who benefit from social assistance programs has not increased significantly between 1971 and 1983. Despite the recent recession, the increase has been only 13.7%. Total beneficiaries comprise the same proportion of Ontario's population in 1983 as they did in 1971.

Within programs, the general pattern repeats the experience in caseload growth. G.W.A. beneficiaries declined dramatically between 1971 and 1977, and have increased by 51.3%

since then. The combined F.B.A/GAINS-D beneficiaries increased by 32.8% during the 1971 to 1977 period. Since 1977, the number of F.B.A. beneficiaries grew by an additional 19.1%, while GAINS-D beneficiaries declined 26.0%.

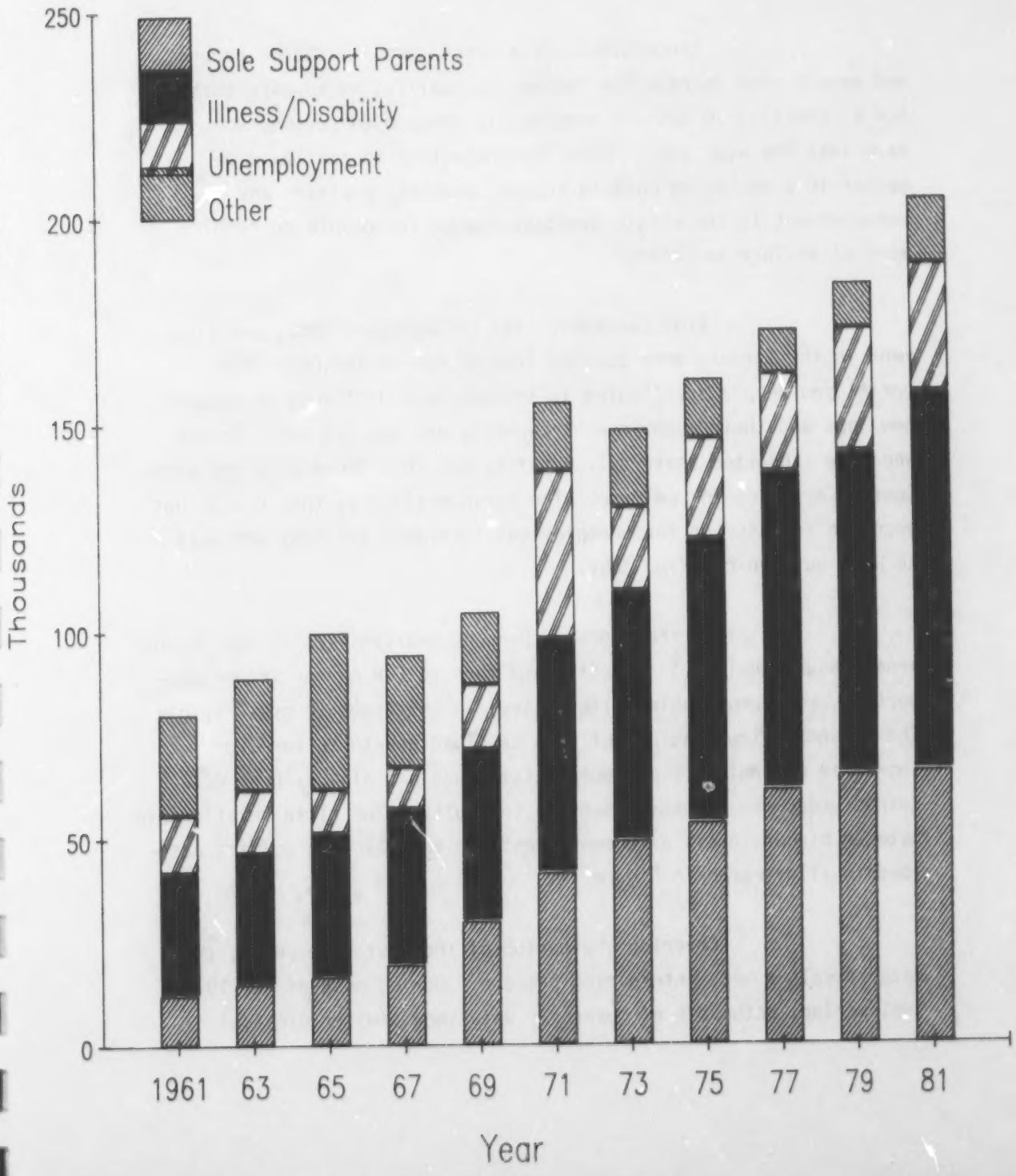
The more modest growth in total beneficiaries stands in marked contrast to the large increases in the caseload and reflects changes in the family composition of welfare households. Over the years, these households have become smaller with fewer children and other dependents. Thus, a 73.7% increase in the combined F.B.A./GAINS-D caseload results in a more moderate 43.2% growth in beneficiaries. G.W.A. caseload growth of 20.4% actually translates into a net decline of 10.5% in beneficiaries.

Finally, changes in the total caseload of assistance recipients over the 20-year period 1961 to 1981 by reason for dependency are given in Figure 11. The greatest fluctuations appear to be in the number of recipients who were categorized as unemployed. Disabled persons and sole support parents have been the largest groups of social assistance recipients for two decades. They now represent almost 80% of the welfare caseload, compared to about 50% in 1961.

5.5 Unemployment and Social Assistance

All assistance recipients, like other Ontarians, are seriously affected by high levels of unemployment in the economy. Given the limitations imposed by their personal circumstances, assistance recipients face stiff competition from more educated and skilled job seekers. When they can obtain employment at all, assistance recipients usually get work which provides

FIGURE II ONTARIO SOCIAL ASSISTANCE CASELOAD
BY REASON FOR DEPENDENCY
1961 – 1981



low wages, inadequate fringe benefits and poor job security. Thus, they tend to be the last hired and first fired.

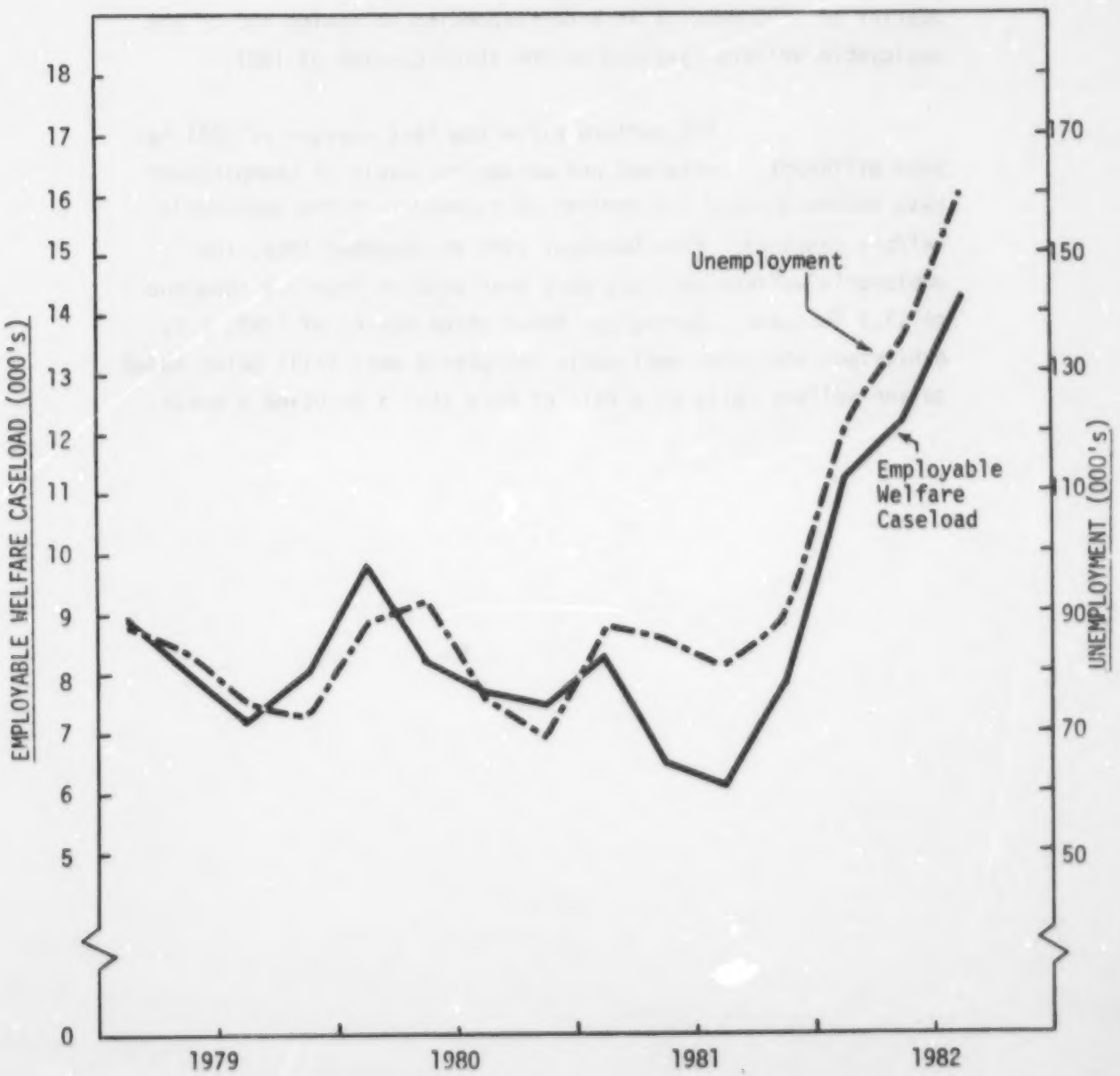
Since G.W.A. is a short term assistance program and people need to have low incomes to qualify, it appears that G.W.A. operates to sustain temporarily unemployed persons who have lost low wage jobs. Poor job protection in the low wage sector in a declining Ontario economy probably explains why unemployment is the single greatest reason for people to require General Welfare Assistance.

From September 1981 to September 1982, unemployment in the Toronto area doubled from 80,000 to 160,000. Many unemployed people are finding it increasingly difficult to secure new jobs and their unemployment benefits are running out. People who have exhausted their U.I. benefits are then faced with the prospect of applying for welfare. The harsh reality is that G.W.A. has become a replacement for unemployment insurance for many who want to work but can not find jobs.

As thousands of persons and families in the Toronto area exhaust their U.I. benefits and turn to G.W.A. for income support, Metro's employable welfare caseload continues to grow rapidly. The financial implications of this caseload growth in terms of increased expenditures on social assistance has already been discussed under the preceding section on equity. The close relationship between higher levels of unemployment and an expanding welfare caseload is illustrated in Figure 12.

Covering the period of the last four years, the data reveals a very interesting pattern. During much of the 1979-1981 period, both sets of quarterly data show similar cyclical

FIGURE 12: COMPARISON OF QUARTERLY CHANGES IN UNEMPLOYMENT AND EMPLOYABLE WELFARE CASES IN METROPOLITAN TORONTO, 1979-1982



variations but with a lag effect of about nine months. Hence, an unemployment peak in the second quarter of 1980 is matched by a peak in the employable welfare caseload in the first quarter of 1981. Similarly, a bottoming out of unemployment in the fourth quarter of 1980 results in a corresponding bottoming out of the employable welfare caseload in the third quarter of 1981.

The pattern since the last quarter of 1981 has been different. Sustained and worsening levels of unemployment have caused a rapid and continuing expansion in the employable welfare caseload. From December 1981 to December 1982, the employable welfare caseload more than doubled from 7.8 thousand to 17.4 thousand. During the first three months of 1983, U.I. exhaustees and other employable recipients were still being added to the welfare rolls at a rate of more than a thousand a month.

SECTION 6.0 WORK AND WELFARE

6.1 Welfare and Low Wage Labour

Legislation in the social welfare field has been affected by societal perspectives toward work. Since the 1600's and the advent of the Elizabethan Poor Laws, people have been judged deserving or undeserving of public aid on the basis of their perceived ability to work.[13] In general, the 'deserving poor' have been those whose personal circumstances made it impossible for them to work -- children, the elderly, the severely disabled, people in poor health and to a lesser degree, single mothers.

All other poor people have traditionally been seen as less deserving. This includes both those who have chosen not to work and people whose poverty results from unemployment, job discrimination or low wages. The former have been the object of punitive measures; for the latter, protective policies have been hard won. The distinction between the 'deserving poor' and the 'undeserving poor' has lent acceptability to the policy of granting unemployable recipients higher benefits than employable ones.

The belief that individuals should be self-supporting through work is deeply entrenched in the public mind. There continues to be considerable resistance to policies which would permit government to provide incomes which are comparable to those of even the poorest wage worker. In part, this can be traced to the moral legacy of the Protestant Work Ethic -- the view that work and virtue were closely connected. It was implicit, therefore, that no one should get from welfare what another person got through working.

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(13) David Macarov, Work and Welfare: The Unholy Alliance, Sage Library of Social Research, Beverly Hills, California, 1980,p.35.

Perhaps more significant is the long-held belief that generous public aid programs provide disincentives to work. There is considerable evidence that social assistance programs have been structured both to encourage short-term recipients to return to the workforce, and to ensure that the working poor continue working. (14) In Ontario, it is estimated that between 5 and 10% of all family units other than families in which the household head is aged 65 or over, can be described as working poor. (15) Policy makers believe that the work orientation of this group would be severely weakened if social assistance incomes were raised significantly. Presumably this would remove the economic incentive for the working poor to continue in their present jobs. The result would not only be increased public expenditures for income support; industries which provide low wages, poor job security and difficult working conditions would be robbed of their labour pool. Society's 'dirty work' would not be done.

It is for this reason that governments have tended to peg social assistance incomes, explicitly or implicitly, at levels below the minimum wage to ensure that few employable people would elect to take public aid over earned income. The relationship between the Ontario minimum wage and G.W.A. benefit levels for single employable persons is shown in Figure 13. It can be seen that between 1970 and 1982, increases in the minimum wage and in G.W.A. occurred virtually in lock-step fashion. At no time were the monthly benefits of an employable G.W.A. recipient allowed to exceed even 50% of minimum wage income.

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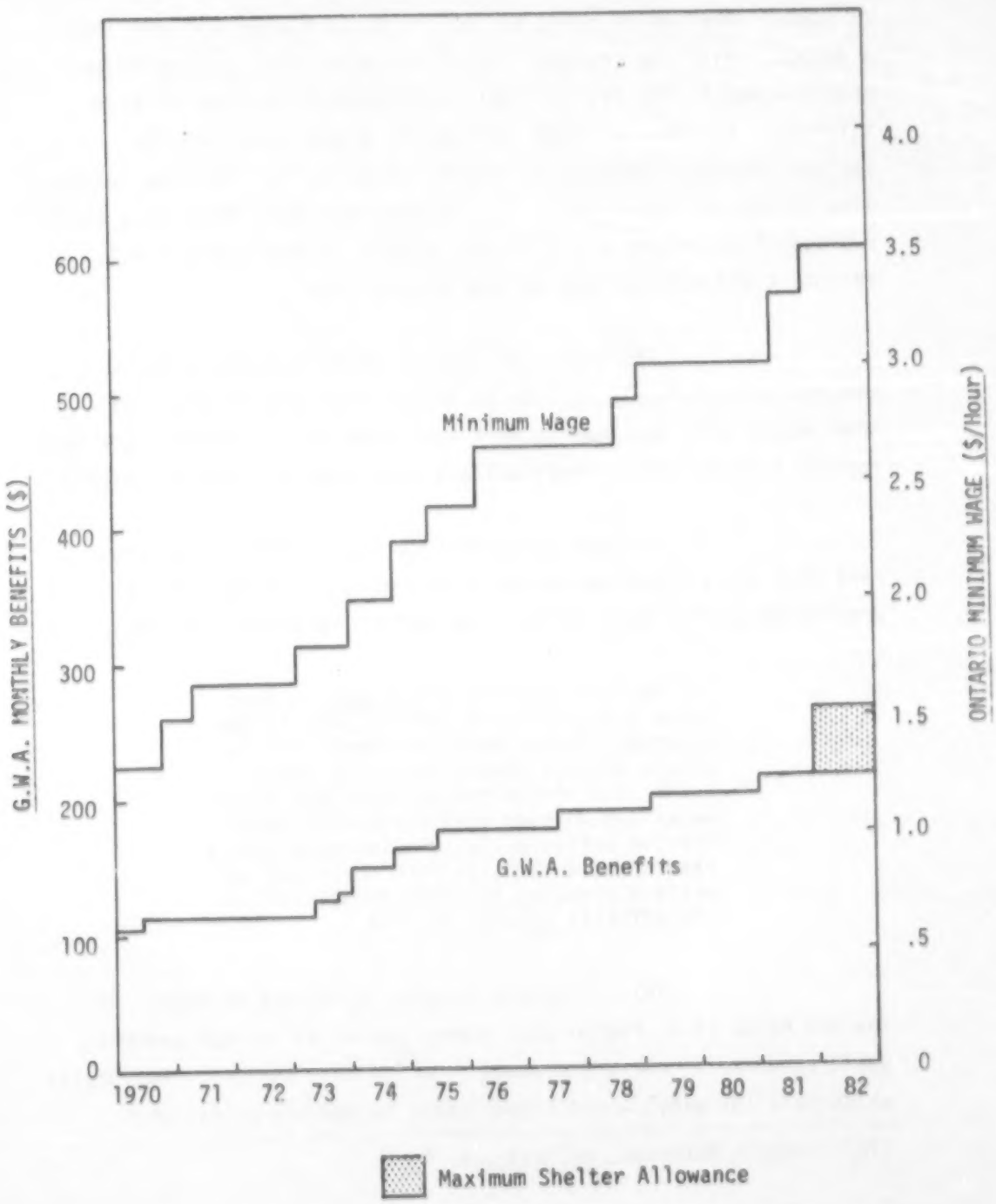
(14) Ibid, pp. 74-82.

(15) Ontario Economic Council, Issues and Alternatives: Update 1979, Toronto, Ontario, 1979, p. 65.

FIGURE 13 COMPARISON OF ONTARIO MINIMUM WAGE AND G.W.A. BENEFIT LEVELS FOR SINGLE EMPLOYABLE PERSONS 1970-1982



Monthly benefits for a single employable person on G.W.A. remained at about 40% of the minimum wage for more than a decade. With the introduction of the provincial shelter allowance program in the fall of 1981, this pattern has been altered slightly. In 1982, a single employable person receiving the maximum shelter allowance had monthly benefits for the year totalling $3,286, or about 45% of the minimum wage for 1982. This still represents an income gap of $3,994 between an employable G.W.A. recipient and someone earning the minimum wage.

The policy of keeping welfare payments for employable individuals well below the minimum wage ensures that some people will continue to work full time for low wages. Low wage earners have no choice since welfare only promises greater poverty.

A study by Bennett Harrison confirms the argument that the welfare system protects employers whose survival depends on paying their workers low wages. He points out that:

> "... welfare benefits are pegged to just below the prevailing nominal wage in the secondary labour market in order not to create serious labour shortages there... Under such circumstances secondary sector wages and working conditions will never improve sufficiently to allow more than a handful of workers to work their way off welfare permanently, even though that is the official objective".(16)

This situation presents a serious dilemma. On the one hand, it is feared that higher social assistance payments would generate higher pay demands from low wage workers. Businesses which paid low wages would likely cease to operate unless they

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(16) Bennett Harrison, op. cit., p. 9

improved their efficiency and increased employee benefits. On the other hand, as long as welfare payments remain comparatively low, poor paying industries with a capacity to improve their productivity and wages would have little incentive to do so.

6.2 Work and Welfare: An Inter-Provincial Comparison

In discussing the relationship between welfare rates, minimum wage levels and income support programs generally, it is useful to examine the differing situations and approaches taken in other provincial jurisdictions. The following analysis is intended to demonstrate that despite its high per capita incomes in relation to most other provinces, Ontario ranks near the bottom both as a provider of social assistance benefits and in terms of income support to the working poor.

The data in Table 16 compares the situation faced in each province by a two parent/two child family living on the income of one parent working for the minimum wage or on social assistance in 1982. It also incorporates as part of total income, all federal and provincial income supplementation programs available to social assistance recipients, working poor families or both.

The minimum wage available as of July, 1982, varied from a high of $4.25/hour in Saskatchewan to a low of $3.30/hour in Nova Scotia and P.E.I. Ontario with a minimum wage of $3.50/hour, ranked 6th behind all but the four Atlantic provinces. There are major differences in the kinds of income supplementation programs offered in each province. The four Atlantic provinces offer nothing at all. Recipients are limited to the federal child-related transfers for additional income support.

Quebec, Manitoba and Saskatchewan have by far the most ambitious income supplementation programs available. Quebec's Work Income Supplement and Saskatchewan's Family Income Plan are means-tested income assistance programs available to working poor households. Manitoba has two programs, the Child-Related Income Support Program (CRISP) and Shelter Allowances for Family Renters (SAFFR), both of which are available to working poor families, but which are deducted dollar for dollar from the incomes of social assistance families. Like Ontario, Quebec and the four western provinces provide tax credits to offset increases in the cost of living. Finally, Saskatchewan deducts the income recipients receive from family allowances from the monthly benefits it pays out in social assistance.

Table 16 makes it clear that Ontario's performance in providing adequate incomes to either welfare recipients or working poor families is a dismal one. This province ranks no higher than 8th in any of the three categories. In each instance, the four person family in Ontario was found to be living on an income less than half of the poverty line. By contrast, Alberta was found to provide for a social assistance income equal to 77% of the poverty line, and five other provinces provide for levels of 60% or better.

Although the solution is difficult, reason would suggest that a complementary set of initiatives is needed. These would include increasing assistance incomes, raising the minimum wage, providing stronger legal protection against job insecurity and poor working conditions and providing assistance to marginal industries so that they can become more efficient and productive. Although this would involve considerable public investment, the present system which requires people to live in poverty whether they are at work or on welfare is outmoded and destructive.

TABLE 16

A COMPARISON OF MINIMUM WAGE, SUPPLEMENTED INCOMES, AND SOCIAL ASSISTANCE INCOMES EXPRESSED AS A PER CENT OF THE STATISTICS CANADA "POVERTY LINES" FOR A FAMILY OF FOUR, 1982

Province	Annual Minimum Wage Income	Rank	Supplemented Annual Income	Rank	Social Assistance Income	Rank
Newfoundland	44.6	4	51.8	4	55.3	7
P.E.I.	42.7	6	49.9	6	60.9	5
Nova Scotia	39.9	10	46.7	10	62.9	4
New Brunswick	40.5	8	47.3	9	45.7	10
Quebec	45.9	2	62.6	3	53.5	8
Ontario	40.2	9	48.6	8	48.7	9
Manitoba	45.9	3	63.1	2	60.2	6
Saskatchewan	51.4	1	68.8	1	72.6	2
Alberta	43.6	5	51.5	5	77.1	1
B.C.	41.9	7	49.2	7	64.1	3

Notes:

1. Minimum wage incomes for 1982 are based on wage rates as of July, 1982.
2. Supplemented incomes include federal child-related income transfers as well as provincial income supplementation programs.
3. Social assistance incomes are based on assistance rates as of August, 1982, and include federal and provincial income supplementation programs for which recipients are eligible.
4. Poverty line data are adjusted for the size of the largest urban centre in each province.

Sources: Derek P.J. Hum, Federalism and the Poor: A Review of the Canada Assistance Plan, Ontario Economic Council, 1983;

The Working Poor: People and Programs, National Council of Welfare, 1981; Ministry of Labour (Ontario); Income Distribution by Size in Canada, 1980, Statistics Canada; Policy, Planning and Information Branch, Health and Welfare Canada.

Within such a balanced set of policies, a system of work incentives continues to be a desirable and justifiable feature of social assistance programs. We believe that a job with fair wages and decent working conditions should be the primary source of income security for everyone who is willing and able to work. Incentives which enable welfare recipients to take advantage of work opportunities and which facilitate independent living are necessary and appropriate. However, the present incentive vehicle, the Ontario Work Incentive Program, seems lacking both as a source of significant economic incentive and as a program which provides appropriate employment enabling services.

6.3 The Ontario Work Incentive Program

The Work Incentive Program was initiated in 1980 to encourage F.B.A. recipients to participate in part-time and full-time employment. Since the program allows recipients to improve on the incomes which they would normally obtain under F.B.A., it was hoped that this would facilitate their transition to permanent employment. A key feature of the program is to provide financial supplementation for up to two full years to F.B.A., recipients who become full-time income earners. This is in recognition of the fact that since F.B.A. recipients would likely be employed in low wage occupations, they would need a financial cushion to make the movement to employment more attractive.

The Work Incentive Program emerged partly in response to the criticism that F.B.A. regulations created a "welfare trap". They did not provide recipients with the chance to work their way toward financial security and independence. There are significant limitations on the amount of employment income that Family Benefits recipients can retain. In 1982, a

mother with one child was allowed to earn $1,680 tax free per year. Additional earnings up to $1,200 were then taxed back at a rate of 50%. Earnings beyond this point were taxed back at a rate of 100%. Therefore, income from employment was limited to $2,280. With transfer payments, the upper limit on yearly net income was $9,441. This is $3,090 below an adequate living standard.

Similarly, a mother with three children was allowed to earn $1,680 tax free and up to an additional $1,200 taxed back at a rate of 50%. The 100% tax back beyond this level of earnings resulted in a maximum possible income of $2,280 from employment. Including transfer payments, the upper limit on yearly net income was $12,394, still $4,549 below adequacy.

The Work Incentive Program was intended to remove these limitations by allowing recipients to improve on their after-tax earnings while continuing to be protected by the F.B.A. program. It was hoped that by increasing the amount of earnings which recipients could retain through employment, the transition to full-time work would be eased. However, for the year ending March 1983, the average monthly participation was only 1,802 or 1.4% of the F.B.A./GAINS-D recipients eligible for the Work Incentive Program. For reasons which will become obvious, this scheme remains unattractive for the overwhelming majority of long-term social assistance recipients.

A comparison is made in Figure 14 between the net income that can be retained by two typical families participating in F.B.A. and the Work Incentive Program. These incomes are compared with the after-tax incomes of working poor households of the same size. A family is considered working poor if its net after-

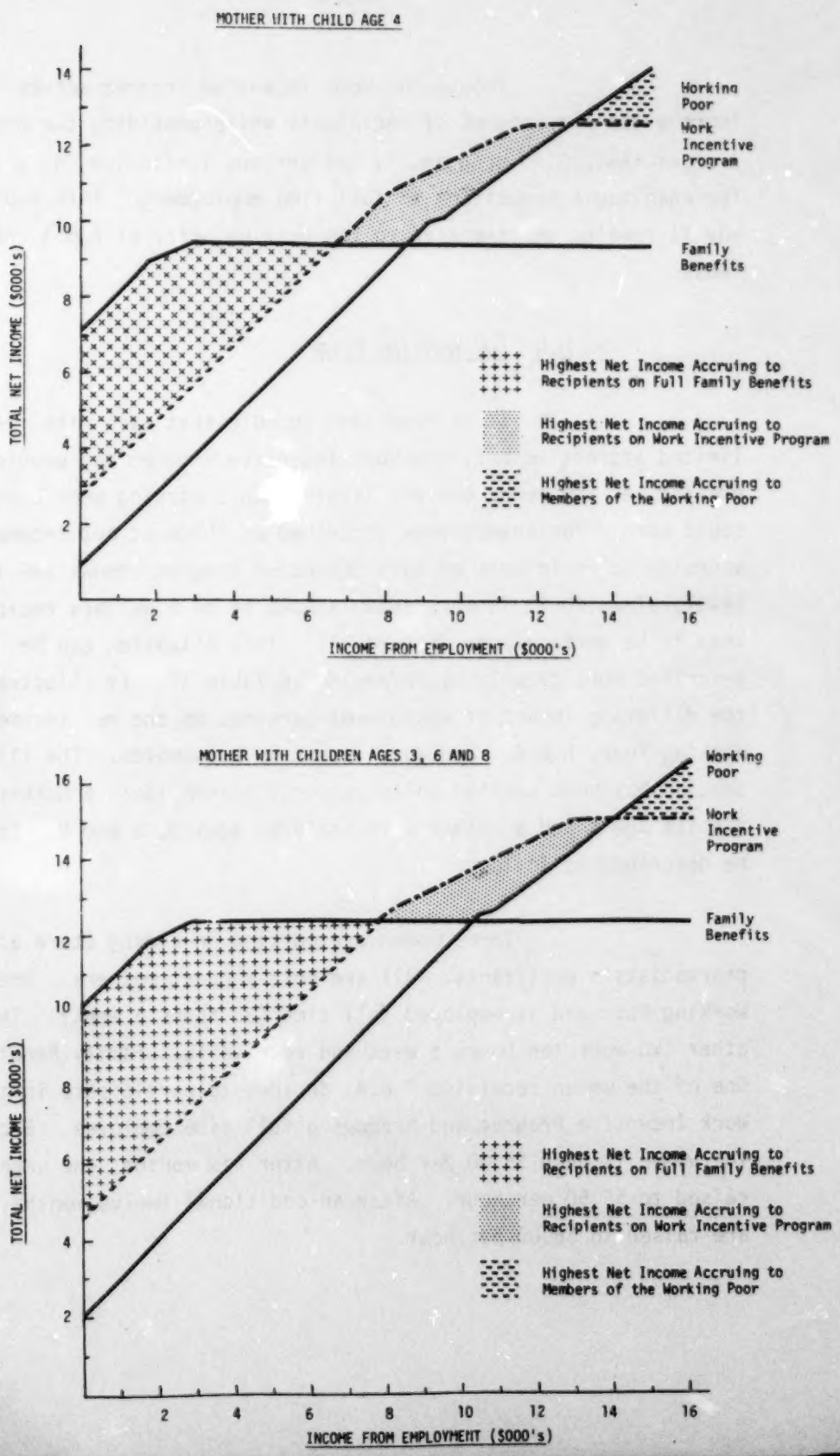
tax income is below budget guide standards when the household head is employed full time.

It can be seen that a mother with one child receiving F.B.A. can actually improve her net income by participating in the Work Incentive Program. The economic incentive begins when employment earnings exceed $6,696 and it continues until earnings reach $11,700. What is striking however, is that there is no advantage for this recipient to work for wages between $2,880 and $6,696 while on the Work Incentive Program. This is because all of the earnings over this range are offset by a $4,416 loss in transfer payments. This means that unless a mother with one child can make a leap in earnings from $2,880 to well above $6,696, there is no reason for her to participate in the Work Incentive Program.

This situation is equally true in the case of a mother with three children. In her case, the economic incentive begins at earnings of $7,812 and continues until earnings reach $12,900. Between earnings of $2,880 and $7,812 however, there is no incentive to participate in the Work Incentive Program. Losses in transfer payments amounting to $5,532 totally offset earnings over this range.

It must be remembered that the kinds of employment opportunities available to most F.B.A. recipients are at low wages, with poor fringe benefits and limited job security. Ironically, it is at the low end of the wage scale that the Work Incentive Program is least attractive.

FIGURE 14 EMPLOYMENT EARNINGS AND TOTAL INCOME - TWO TYPICAL FAMILIES ON F.B.A., WORK INCENTIVE PROGRAM AND WORKING POOR, 1982


MOTHER WITH CHILD AGE 4
TOTAL NET INCOME ($000's)
INCOME FROM EMPLOYMENT ($000's)
Working Poor
Work Incentive Program
Family Benefits
Highest Net Income Accruing to Recipients on Full Family Benefits
Highest Net Income Accruing to Recipients on Work Incentive Program
Highest Net Income Accruing to Members of the Working Poor
MOTHER WITH CHILDREN AGES 3, 6 AND 8
TOTAL NET INCOME ($000's)
INCOME FROM EMPLOYMENT ($000's)
Working Poor
Work Incentive Program
Family Benefits
Highest Net Income Accruing to Recipients on Full Family Benefits
Highest Net Income Accruing to Recipients on Work Incentive Program
Highest Net Income Accruing to Members of the Working Poor

Though the Work Incentive Program serves to improve the net incomes of recipients while providing the protection of the F.B.A. program, it has serious limitations as a vehicle for enabling a transition to full time employment. This explains why it remains unattractive to the vast majority of F.B.A. recipients.

6.4 The Working Poor

It is important to note that even with its limited attractiveness, the Work Incentive Program can provide greater net income at certain levels than a working poor household could earn. The shaded area described as "highest net income accruing to recipients on Work Incentive Program" shows the income levels at which it is more advantageous to be a welfare recipient than to be working poor (Figure 14). This situation can be described more clearly by referring to Table 17. It illustrates the differing impact of employment earnings on the net incomes of Working Poor, F.B.A. and Work Incentive households. The illustration has been applied to two typical households: a mother with a child age 4 and a mother with children ages 3, 6 and 8. It can be described as follows:

Three women are working in a drug store as pharmacists's assistants. All are sole support mothers. One is Working Poor and is employed full time (35 hours a week). The other two work ten hours a week and receive full Family Benefits. One of the women receiving F.B.A. decides to participate in the Work Incentive Program and becomes a full time employee. Each of the women is paid $5.00 per hour. After six months, the wages are raised to $5.50 per hour. After an additional twelve months, they are raised to $6.00 per hour.

It can be seen that at the three different levels of hourly wages, the two typical families retained a higher net income as a result of participating in the Work Incentive Program than did similar working poor households. In one instance, a mother of three on F.B.A. retained a higher net income at earnings of up to $5.50 an hour than did the comparable working poor household.

This illustration points to the serious plight of Ontario's working poor. Social assistance programs are by no means generous, but under certain circumstances they provide greater income than working full time for low wages. This is particularly true of women raising children alone.

A sole support mother who chooses to work full time must secure appropriate child care arrangements, affordable housing and stable employment. At a time when unemployment is high and where structural inequalities confine many women to low wage work, this choice may be a difficult one when compared to the alternative of welfare. This argues for greater public investment in the protection of the jobs, incomes and dependents of working poor households, particularly mother-led families.

6.5 Taxation Within The Welfare System

A final critical observation must be made about the Work Incentive Program concerning the "effective" tax back rate within the program. The "effective" rate of tax back refers to the income from employment which recipients must forego as a proportion of their total employment income. For example, if a recipient must earn an additional $100 to increase net income by $40, then the effective tax back rate is 60%. This is because $60 of the $100 earned is taxed away. It makes no difference whether this $60 is taken as taxes or as reduced transfer payments; the effect on net income is the same.

TABLE 17

EMPLOYMENT EARNINGS AND TOTAL INCOME FOR TWO TYPICAL FAMILIES
FAMILY BENEFITS, WORK INCENTIVE PROGRAM, AND THE WORKING POOR, 1982

	Mother with Child Age 4			Mother with Children Ages 3, 6 and 8		
@ $5.00 per hour	Working Poor	Work Incentive Program	Family Benefits	Working Poor	Work Incentive Program	Family Benefits
Earnings from Employment	$ 9,100	$ 9,100	$ 2,600	$ 9,100	$ 9,100	$ 2,600
Transfer Payments	905	2,745	7,161	2,102	4,582	10,114
Taxable Income	1,889	1,000	920	607	1,000	920
Taxes Payable	8	500	460	--	500	460
Net Income	9,997	11,345	9,301	11,202	13,182	12,254
@ $5.50 per hour						
Earnings from Employment	$10,010	$10,010	$ 2,860	$10,010	$10,010	$ 2,860
Transfer Payments	850	2,745	7,161	2,102	4,582	10,114
Taxable Income	2,743	1,910	1,180	1,461	1,910	1,180
Taxes Payable	308	955	590	--	955	590
Net Income	10,552	11,800	9,431	12,112	13,637	12,384
@ $6.00 per hour						
Earnings from Employment	$10,920	$10,920	$ 3,120	$10,920	$10,920	$ 3,120
Transfer Payments	833	2,745	7,161	2,056	4,582	10,114
Taxable Income	3,597	2,820	1,440	2,315	2,820	1,440
Taxes Payable	518	1,410	840	200	1,410	840
Net Income	11,235	12,255	9,441	12,776	14,092	12,394

Note: On the Work Incentive Program, earnings up to $8,100 are tax free. For a mother with one child, the next $3,600 are subject to a 50% taxback rate. For a mother with three children, the next $4,800 are subject to the 50% taxback rate. With transfer payments, the upper limit on net income for these families would be $12,645 and $15,082 respectively.

With this understanding in mind, we can refer once again to the illustration in Table 17. It can be seen that at $5.00 per hour, a mother with one child must earn an additional $6,500 on the Work Incentive Program to improve her net income by $2,044. This is an effective tax back rate of 68.6%. A mother with three children must earn an additional $6,500 in order to increase net income by $928. This is an effective tax back rate of 85.7%. Even at $6.00 per hour, the effective tax back rates are 63.9% and 78.2% respectively.

It is important to point out that the highest rate of taxation on personal income in Ontario is 50.3%. This rate applies only to taxable income in excess of $53,300 per year. For the effective tax rate on earned income to even approach 50.3%, one would almost certainly be a millionaire. Yet under the terms of the Work Incentive Program, welfare recipients seeking to break the cycle of dependency and return to full-time employment often face tax rates more than 50 per cent higher than this maximum rate.

The claim that taxation within the welfare system is punitive is strongly substantiated by an analysis of effective tax back rates within the Work Incentive Program. Recipients who do manage to secure and retain full time employment while on welfare do so against considerable odds.

6.6 Child Care, Support Services and a Full Employment Strategy

Earlier, we alluded to the fact that work incentives involve more than just economic motivation. Many social assistance recipients, especially sole support mothers and disabled people, need affordable child care, job training, employment counselling, transportation and appropriate job placement services just to

enable them to participate in the labour force.

The Ministry of Community and Social Services is currently implementing, on a pilot project basis, the functional integration of G.W.A. and F.B.A. at the municipal level as they relate to single parents. An important element in these pilot projects is the development of employment support initiatives to assist single parents in gaining entry into the labour market. Recipients participation in these programs is entirely voluntary.

The employment support programs are to include components relating to: 1) preparation of employment plans; 2) referral to appropriate training and educational programs; 3) pre-training and pre-employment services (i.e. lifeskills); and 4) employment related expenses to allow for job search, initial work expenses, and unusual needs. Child care funds will also be made available to recipients, who will be allowed to choose the most suitable type of daycare arrangement to meet their needs.

Welfare advocacy groups and some municipal administrators have expressed legitimate concern about the objectives of the G.W.A./F.B.A. integration program. Doubts exist regarding the continuance of the present voluntary nature of recipient participation, the possibility of reduced benefits for certain single parents classified as employables, and future municipal liability in terms of cost-sharing employment support services.

The nine municipal jurisdictions participating in these employment support programs will each be evaluated in terms of their effectiveness and cost savings. The province

intends to analyze information on the projects including the demand for services, characteristics of the cases served, identification of program needs and barriers to success, and the number of successful cases in relation to local economic conditions. The evaluation process is expected to be completed by the end of March, 1984.

The expansion of these services could also benefit the working poor since it is likely to increase their ability to retain employment and to advance to opportunities which provide greater income security. Thus, an integrated set of policies which provide greater income support for social assistance recipients and working poor households while, at the same time, increasing the ability of Ontario's poor to secure and retain employment seems appropriate.

While employment support initiatives are essential and must be expanded, their effectiveness will be seriously limited in the absence of sufficient job opportunities. If the jobs are simply not available, then the most thoughtfully put together work incentive and employment support programs will fail. There are currently more than half a million people out of work in Ontario. A commitment to full employment must form an essential part of any strategy intended to seriously improve the conditions of Ontario's poor.

SECTION 7.0 THE EFFECTS OF PROVINCIAL SPENDING RESTRAINTS ON SOCIAL ASSISTANCE PROGRAMS

7.1 The Environment of Restraint

The last few years have witnessed a worsening downturn in Ontario's economic fortunes. Growth in the provincial economy slowed, private investments in key sectors such as manufacturing, mining and housing occurred at significantly reduced rates and unemployment soared. In 1982, the Gross Provincial Product (GPP), the value of all goods and services produced in Ontario actually declined by 4%. Unemployment in recent months has been running at just over half a million. Meanwhile, the cost of living continues to rise steadily, up another 10.8% in 1982.

These developments call for a serious re-examination of present government spending policies. For several years, public expenditures on social programs in particular have been subjected to intense scrutiny. Advocates of free enterprise were arguing that government spending was absorbing needed investment dollars, thereby contributing to an inflationary demand for capital. They urged that expenditures on social programs be reduced and diverted instead toward the private "profit-making" sectors of the economy.

These perspectives, in the context of economic decline, have had a decisive effect on government thinking and behaviour. In Ontario, this was clearly reflected in the 1975 Report of the Special Program Review, (Henderson Report), which called for provincial cutbacks in expenditures on human services. The Henderson Report popularized the theme of government restraint and gave it political legitimacy.

Despite intense debate, little evidence has been produced to demonstrate that government expenditures are inherently less productive than private investments. Public spending restraints have not led to a resurgence in Ontario's economy. Quite the contrary. At a time when record unemployment and overly-restrictive monetary policies have brought economic growth to a virtual standstill, the government's insistence on continuing to restrain public spending further intensifies the problems of poverty, growing income inequality and the lack of adequate social services.

There are numerous goods and services required by everyone that governments could provide now to stimulate the economy and take important steps on the road to recovery. These include: the expansion of public transportation; an increase in low and moderate-priced housing; expansion of needed social and community services including daycare and community health clinics. Instead, the government continues on its present course, waiting out the recession while insisting that social programs aimed at the most economically vulnerable segments of society share significantly in the costs of this recession. It is important to assess the extent to which these costs have been borne by welfare recipients.

7.2 Provincial Spending Trends

It should be noted that restraint does not imply a net reduction in dollars spent on government programs. Absolute reductions in spending are very difficult to accomplish without creating unemployment and causing serious disruptions in public services. Rather, restraint implies limiting the growth in expenditures to a rate below the level required to maintain the same quality of services. In the analysis which follows, it will be seen that all

areas of government expenditure have grown substantially in dollar terms over the last decade or so. What is more critical however, are the relative rates at which this growth has occurred.

Trends in Ontario's budgetary spending and in provincial expenditures in the social development field are shown in Table 18. Spending on the G.W.A., F.B.A. and GAINS-D programs is included in the budget of the Ministry of Community and Social Services under Income Maintenance. The rest of the Ministry's budget is accounted for by expenditures on social services, child welfare and developmental services.

Total government expenditures have shown significant growth between 1971 and 1983, 258.2%. A substantial part of this growth was accounted for by increased expenditures in the social development field. Over the decade, social development spending grew at a rate greater than that of the total budget, 283.5%. Expanded public investments during this period in health care and the social services were the largest contributing factors.

Among the social development ministries, the Ministry of Community and Social Services displayed the highest rate of spending growth between 1971 and 1983, 489.1%. This reflects a choice by the Ontario government to permit the ministry to take a greater share of overall government spending, as evidenced by its rapid growth in spending between 1971 and 1975 of 129.7%. Community and Social Services share of the total Ontario budget increased from 5.6% in 1971-72 fiscal year to 9.3% in 1983-84. Spending growth for other social development ministries ranged from 310.4% in the case of Health, to 180.6% for Education.

TABLE 18
TRENDS IN GOVERNMENT EXPENDITURES, 1971-83

	1971 - 72 ($000's)	Per Cent of Total	1975 - 76 ($000's)	Per Cent of Total	1979 - 80 ($000's)	Per Cent of Total	1983 - 84 ($000's)	Per Cent of Total	Growth in Expenditures 1971/1975	1975/1979	1979/1983	1971/1983
Total Budgetary Expenditures	6,811,937	100.0	10,632,241	100.0	15,320,013	100.0	24,402,709	100.0	56.1	44.1	59.3	258.2
Social Development	4,046,218	59.4	6,773,170	63.7	9,824,472	64.1	15,516,901	63.6	67.4	45.0	57.9	283.5
1. Colleges and Universities	582,931	8.6	1,019,134	9.6	1,444,405	9.4	2,045,371	8.4	74.8	41.6	41.6	250.9
2. Culture and Recreation	-	-	108,856	1.0	201,562	1.3	251,337	1.0	-	85.2	24.7	-
3. Education	1,224,740	18.0	1,775,659	16.7	2,565,039	16.7	3,436,025	14.1	45.0	44.5	34.0	180.6
4. Health	1,830,251	26.9	2,986,556	28.1	4,266,261	27.8	7,511,867	30.8	63.2	42.8	76.1	310.4
5. Community and Social Services	383,759	5.6	881,474	8.3	1,344,478	8.8	2,260,647	9.3	129.7	52.5	68.1	489.1
a) Income Maintenance	280,622	4.1	470,562	4.4	618,158	4.0	1,052,509	4.3	67.7	31.4	70.3	275.1
Gross Provincial Product	38,543,000	-	64,802,000	-	100,168,000	-	144,700,000		68.1	54.6	44.5	275.4

Note: Figures include spending on recreation programs for 1983-84 from Tourism & Recreation and exclude the amount spent on the general administration of income maintenance programs in order to maintain consistency with previous data.

Sources: (1) 1971/72, 1975/76 and 1979/80: Public Accounts, Volume 1. (2) 1983/84: Estimates.

7.3 Welfare Programs: A Reduced Priority

The income maintenance expenditures of the Ministry of Community and Social Services -- on G.W.A., F.B.A. and GAINS-D -- deserve closer analysis in the context of overall spending by the ministry (Table 18). Between 1971 and 1983, expenditures on income maintenance increased by 275.1%. Spending on social assistance programs, therefore, grew at a much slower rate than expenditures by the ministry as a whole. The increased relative importance of the ministry in the overall Ontario budget comes from new investments in social services between 1971 and 1983, and not from increased spending on welfare programs. Growth in spending on social assistance has not kept pace with growth in social development spending generally, even though the Ministry of Community and Social Services clearly had the financial capacity to permit this.

Welfare programs became less of a financial priority in the latter half of the seventies. The share which income maintenance expenditures comprised in the total budget declined from 4.4% in the 1975/76 fiscal year to 4.0% in 1979/80. In fact, expenditures on social assistance schemes represented a smaller proportion of the Ontario budget in 1979/80 than they did in the 1971/72 fiscal year.

This situation has been reversed somewhat during the last couple of years. In 1983/84, income maintenance expenditures are expected to reach 4.3% of total government spending. However, this increase in welfare expenditures relative to total spending is misleading. It must be remembered that the social welfare caseload has increased by more than 35% since 1975/76. The effects of reduced spending levels spread across a growing caseload has been amply demonstrated under the previous discussion of income adequacy.

Provincial spending restraints have cut deeply into the incomes of many welfare recipients.

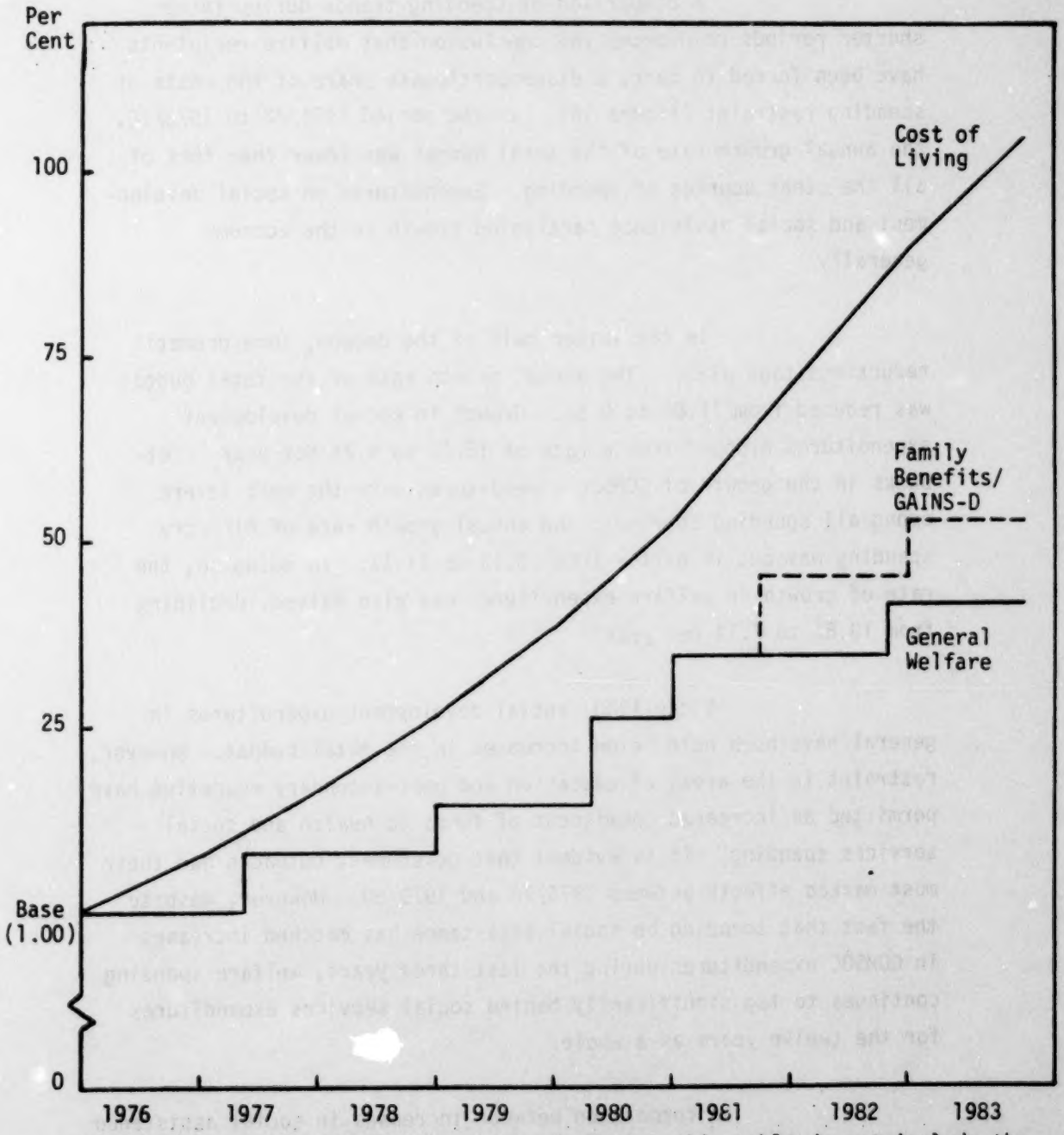
Figure 15 makes it clear just how far behind increases in the cost of living monthly benefit rates have been allowed to fall since 1975. And the gap continues to widen. By the end of 1983, the cost of living will have increased by more than 100% since 1975. By contrast, monthly benefits on General Welfare have been raised only 41.4%, while benefits on Family Benefits/GAIN-D are up only 52.8% during the same period.

7.4 Comparative Views of Restraint

The impact of spending restraints on social assistance programs can be further illuminated by examining selected government expenditures at different time periods between the 1971/72 and 1983/84 fiscal years. Annual rates of expenditure growth are shown in Figure 16 for the following: the total Ontario budget, the social development ministries, the Ministry of Health, Community and Social Services (COMSOC), social assistance, and the Gross Provincial Product.

Between 1971/72 and 1983/84, expenditures by the Ministry of Community and Social Services grew at an annual rate of 15.9%, higher than all of the other sources of spending. The ministry's expenditure growth exceeded that of the total budget by a rate of 4.7% per year during the period as a whole, but social assistance spending was not permitted to keep pace. Instead, expenditures on welfare programs increased at an annual rate of 11.6%, lower than the annual growth rate of 11.7% for G.P.P., of 11.9% for social development in general, and 12.5% for Health.

FIGURE I5 INCREASES IN MONTHLY BENEFITS AND THE COST OF LIVING SINCE 1975



Note: The monthly benefits used in calculating this table do not include the provincial shelter allowance.

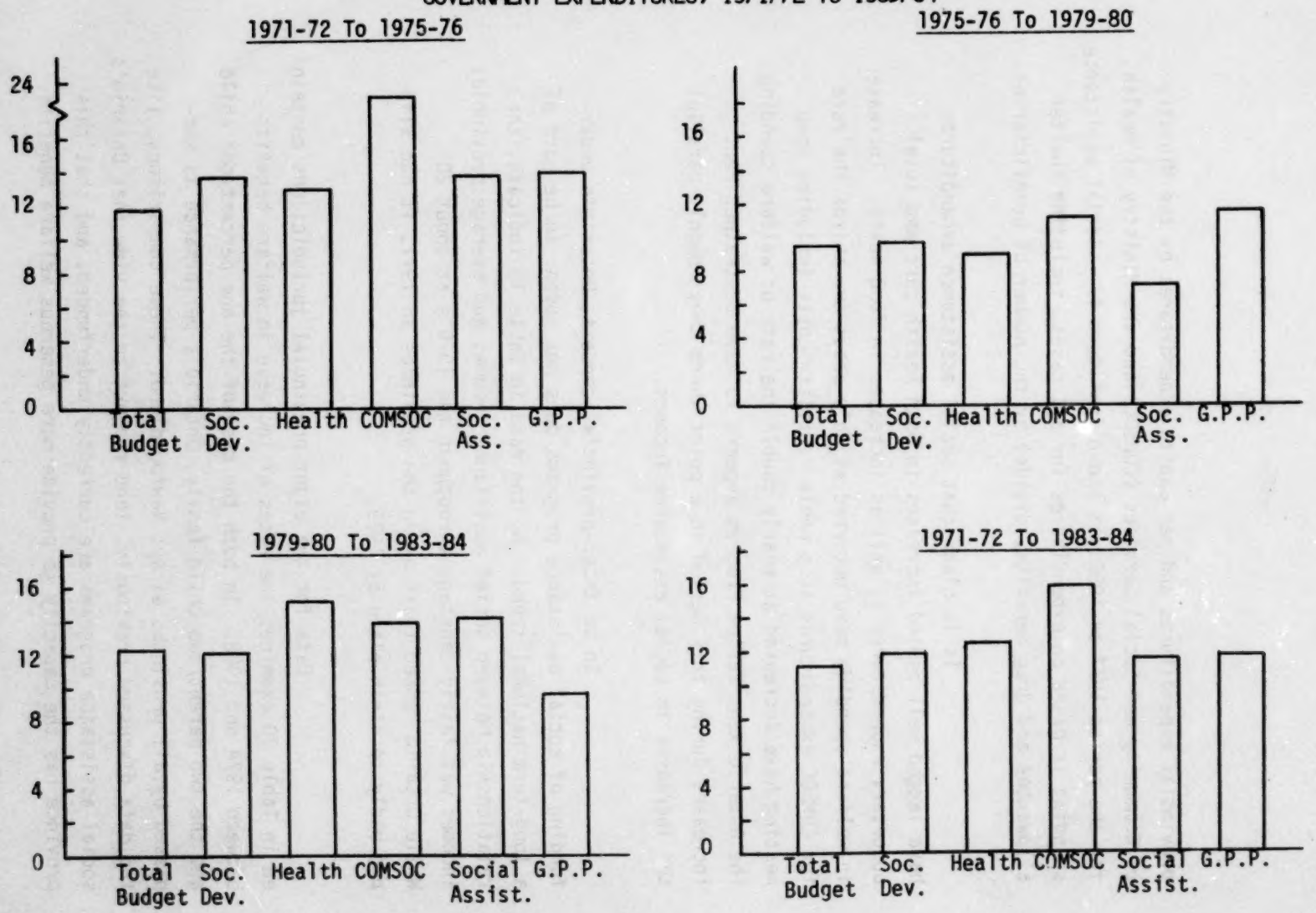
A comparison of spending trends during three shorter periods reinforces the conclusion that welfare recipients have been forced to carry a disproportionate share of the costs of spending restraint (Figure 16). In the period 1971/72 to 1975/76, the annual growth rate of the total budget was lower than that of all the other sources of spending. Expenditures on social development and social assistance paralleled growth in the economy generally.

In the latter half of the decade, some dramatic reductions took place. The annual growth rate of the total budget was reduced from 11.8% to 9.6%. Growth in social development expenditures dropped from a rate of 13.7% to 9.7% per year. Cutbacks in the growth of COMSOC expenditures were the most severe among all spending sources; the annual growth rate of ministry spending was cut in half - from 23.1% to 11.1%. In doing so, the rate of growth in welfare expenditures was also halved, declining from 13.8% to 7.1% per year.

Since 1980, social development expenditures in general have been held below increases in the total budget. However, restraint in the areas of education and post-secondary education have permitted an increased commitment of funds to health and social services spending. It is evident that government cutbacks had their most marked effects between 1975/76 and 1979/80. However, despite the fact that spending on social assistance has matched increases in COMSOC expenditures during the last three years, welfare spending continues to lag significantly behind social services expenditures for the twelve years as a whole.

A comparison between increases in social assistance spending, the cost of food, shelter and utilities, total per capita

FIGURE 16 ANNUAL GROWTH RATE IN TOTAL AND SELECTED GOVERNMENT EXPENDITURES, 1971/72 TO 1983/84



provincial expenditures and per capita expenditures by the Ministry of Community and Social Services (COMSOC) and the Ministry of Health, for the period 1977 to 1982, is shown in Figure 17. Social assistance spending is based on expenditures for all cases, including shelter allowances and drug benefits, divided by the number of beneficiaries.

It is clear that social assistance expenditures have lagged well behind increases in both health care and total budgetary expenditures as well as increases in food costs. Increases in welfare spending have occurred at only about two-thirds the rate for COMSOC expenditures as a whole. Utility costs including home heating have increased at nearly double the rate of welfare spending. The Ontario Rent Review Program appears to have restrained rent increases during this period to a point where they roughly parallel the increases in social assistance incomes.

In an inter-provincial context, Ontario's underfunding of social assistance programs does not appear to be part of a long-term national trend. As the data in Table 19 indicate, the relationship between social assistance incomes and average provincial incomes was fairly constant throughout the 1970's at about 20%. While Ontario ranked third among the provinces in 1971, it had slipped badly to ninth place by 1979.

Data for the eight provincial jurisdictions contained in Table 20 examines the rates of increase in welfare benefits between 1974 and 1982. In both the case of the one percent/one child and the two parent/two child family, Ontario's performance is surpassed by all provinces except Newfoundland. These comparisons, like the data discussed previously, lend support to the view that Ontario's social assistance programs are currently underfunded, and that this province has the capacity to provide more generous welfare benefits.

FIGURE 17

COMPARATIVE INCREASES IN GOVERNMENT SPENDING, COST OF LIVING, AND SOCIAL ASSISTANCE EXPENDITURES, 1977-82

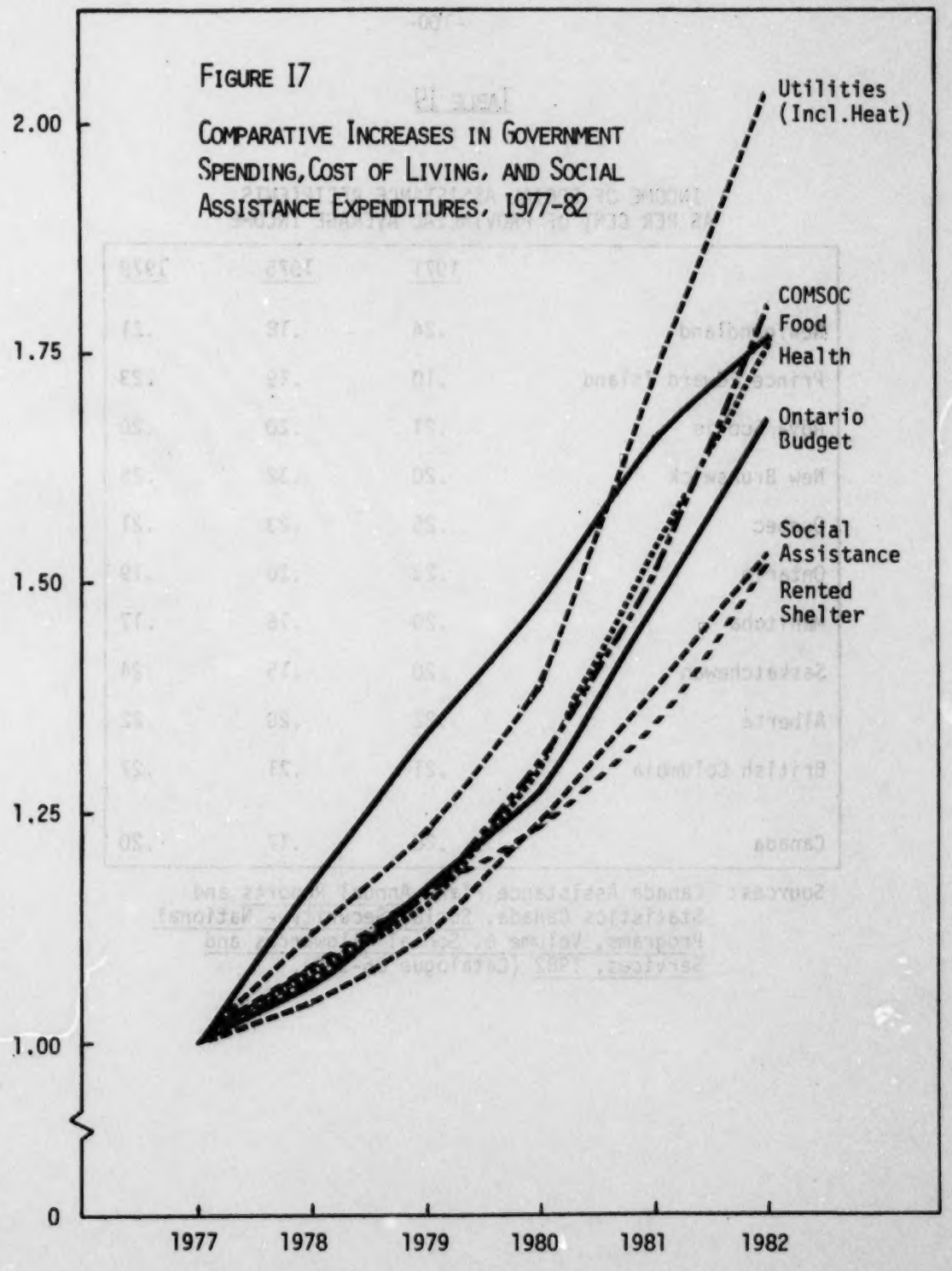


TABLE 19

INCOME OF SOCIAL ASSISTANCE RECIPIENTS
AS PER CENT OF PROVINCIAL AVERAGE INCOME

	1971	1975	1979
Newfoundland	.24	.18	.21
Prince Edward Island	.10	.19	.23
Nova Scotia	.21	.20	.20
New Brunswick	.20	.32	.25
Quebec	.25	.23	.21
Ontario	.23	.20	.19
Manitoba	.20	.16	.17
Saskatchewan	.20	.15	.24
Alberta	.22	.20	.22
British Columbia	.21	.21	.27
Canada	.20	.17	.20

Sources: Canada Assistance Plan, Annual Reports and Statistics Canada, Social Security - National Programs, Volume 6, Social Allowances and Services, 1982 (Catalogue 86-510).

TABLE 20

INCREASES IN WELFARE BENEFITS FOR EIGHT PROVINCIAL JURISDICTIONS, 1974 TO 1982

	Single Parent, Child Age 4			Mother, Father, Children 10, 13		
	October 1974	August 1982	Per Cent Increase	October 1974	August 1982	Per Cent Increase
Newfoundland	338	546	61.5	420	644	53.3
Nova Scotia	277	572	106.5	334	805	141.0
New Brunswick	233	519	122.4	314	558	77.7
Quebec	263	513	95.1	356	685	92.4
Ontario	274	518	89.1	366	615	68.0
Manitoba	206	500	142.7	328	794	142.1
Alberta	256	733	186.3	348	1,066	206.3
British Columbia	290	640	120.7	411	870	111.7

Source: Policy, Planning and Information Branch, Health and Welfare, Canada

7.5 Provincial Wealth and Social Welfare

Although Ontario has suffered from an economic recession in recent years, it is still a relatively wealthly province. In 1983/84, the Gross Provincial Product -- the value of provincial goods and services -- is expected to be $144.7 billion (Table 18). There remains an abundant financial base from which to launch fruitful development options and balanced social policies.

It is significant that while the Ontario government's budget increased by 190.7% between 1971 and 1981, the Gross Provincial Product increased by 220.9%. Had increases in public spending been matched to the overall growth in the Ontario economy during this ten-year span - an additional $2 billion would have been added to the provincial budget in 1981-82 alone. The contraction of the economy during 1982, resulting in G.P.P. growth of only 7% - a decline in real terms of about 4% - has temporarily eroded this margin for social investment.

Even so, increases in government spending since 1971 have still lagged behind G.P.P. growth. The total budget for 1983-84 would have to be increased by nearly $1.2 billion to bring it into line with overall G.P.P. growth since 1971. This, in our view, provides a significant margin to introduce humane and effective patterns of social welfare spending.

Government arguments that we simply can not afford more generous welfare programs have been seriously weakened by recent spending policies of the government itself. Faced with the prospect of having to pay out substantially more in welfare payments than was initially budgeted due to the burgeoning caseload of the last two

years, the province not only found the funds necessary to finance this increase but did so without straining the revenue/expenditure balance.

In fact, in spite of large increases in welfare spending, the government found sufficient additional funds to finance two major spending priorities -- health care and incentives to business. The 1982 and 1983 budget estimates saw the continuation of a trend to redirect funds into health care. This has occurred in response to the rising income demands of Ontario's doctors. Since 1980, expenditures by the Ministry of Health are up 76% while the overall spending of the government has been increased 59%. Payments to physicians are up by nearly 87% over this same period.

Translating these higher rates of increase into dollars is quite revealing. Increases in health expenditures from 1980 onwards have represented a commitment of more than $700 million above the amount needed to keep pace with increases in government spending generally. Payments to physicians under O.H.I.P. accounts for over $300 million of this amount.

The 1983-84 budget also contains more than $350 million in further tax incentives to the private sector in the hope of stimulating job creation and productive investment. Finally, in keeping with its policy of restraint, the government wished to ensure that both provincial revenues and the G.P.P. grow at a more rapid rate than provincial expenditures during this fiscal year.

To accomplish this, a 5 per cent tax surcharge has been applied on all taxable income over $2,178 for an eighteen month period ending December, 1984. This tax is projected to raise almost exactly the amount of money needed to finance the stimulative package

of incentives for business. Yet, the government has chosen to call the surtax the "Social Services Maintenance Tax" in a somewhat cynical exercise designed to disguise its intended use.

Adequate funding to maintain the integrity of our social programs is especially important in times of economic difficulties. The government's attempt to link this surtax to spending levels on social programs is unfair and misleading, helping to foster the negative association between social programs, increased taxes and government deficits.

On the other hand, the government's own actions attest to its ability to significantly improve the adequacy of social assistance incomes. Increased welfare payments have not curtailed its ability to finance other government priorities. As the economic recovery gains momentum, revenues will grow faster than expenditures. The welfare caseload will gradually come down.

In Ontario, the poor have become poorer because it was government policy, not because the province could not afford more generous social assistance programs. As we slowly emerge from the economic recession and welfare caseloads decline, government claims to the contrary will have an increasingly hollow ring. A very real opportunity will exist to substantially improve benefit rates with only modest increments to total welfare spending.

SECTION 8.0 CONCLUSIONS AND SUMMARY

8.1 Sources and Composition of Assistance Incomes

- Between 1971 and 1983, federal government programs grew to the extent that they are providing an increasing share of the income of Ontario families on social assistance; Family Allowances and the Child Tax Credit now provide up to 21% of some social assistance recipients' incomes.

- Because federal contributions have been in the form of child-related income transfers, single persons receiving assistance are at a relative disadvantage because they have no access to comparable federal income sources.

- Since 1971, monthly benefits have declined significantly as a proportion of recipients incomes; they now provide as little as 63% of total incomes.

- Between 1975 and 1980, social assistance recipients suffered a loss of purchasing power because benefits through the G.W.A., F.B.A. and GAINS-D programs were not increased at the same rate as rises in the cost of living. A modest reversal of this situation has taken place since 1981.

8.2 Adequacy of Social Assistance Incomes

- According to community standards as set out in the Social Planning Council of Metropolitan Toronto's budget guides, and Statistics Canada's revised low-income cut-offs, recipients of social assistance in Ontario are poor; and they are poorer now than they were in 1975.

- Social assistance recipients are living on incomes which represent only 24 to 34% of those experienced by typical Ontario households comparable size; the adequacy of recipients' incomes ranges from 43.5% for a single person on G.W.A. to 71.8% for a mother with three children on GAINS-D.

- The principle that social assistance recipients should be provided with adequate incomes has not been successfully implemented in Ontario. Instead, Ontario is further from achieving this goal in 1983 than it was in 1975 despite the growth of federal and provincial tax credit programs and the implementation of the shelter allowance program during this time.

- Indeed, while the incomes of social assistance recipients in Ontario have always been less than adequate, they are no closer to adequacy today than they were in the mid-1960's.

8.3 Shelter Allowances, Subsidized Housing and Assistance Incomes

- Although current shelter allowances can make up between 8 and 21% of total incomes, they do not enable assistance recipients to reach adequate levels of income.

- Without shelter allowances, the incomes of welfare recipients range from 34% to 64% of adequacy; those receiving little or no shelter allowance in 1983 have seen the adequacy of their total incomes eroded by an additional 3 to 6% since 1980.

- Social assistance recipients who also live in rent-geared-to-income housing receive a substantial benefit-in-kind that raises their level of income adequacy by 16 to 57%. However, only a minority of recipients actually live in rent-geared-to-income housing. In such instances, assistance incomes remain 13 to 38% below adequacy.

- Most other provinces provide more adequate shelter components than Ontario. In the case of a two parent/two child family, this province ranked 8th in terms of after-shelter disposable incomes in 1982.

- Even with shelter allowances, many welfare recipients lack sufficient incomes to provide for even the basics of food and shelter.

8.4 Equity Issues

- There is a considerable variation in benefit levels provided under different programs to people in the same circumstances.

- Present methods of determining benefit levels provided by Ontario's social assistance programs are unclear. Since levels of assistance are inadequate for all assistance programs it is impossible to know whether variations in incomes between programs meet public objectives.

- There are long-term recipients on G.W.A. who are "chronically unemployable" and have long-term needs for assistance. Yet they are denied incomes equal to disabled persons even though they face comparable disadvantages in the labour market.

- Property taxes are not an appropriate base for funding social assistance programs. They are a less progressive revenue source than income taxes and there is a built-in disincentive for municipalities to favour increases in assistance incomes financed through the property tax.

- Differences in the levels of assistance between GAINS-D recipients and their counterparts receiving G.W.A. and F.B.A. do not accurately reflect differences in economic need between disabled and non-disabled persons. This is so because current GAINS-D calculations are not

- based upon a scientific measurement of the extraordinary costs of disability.

- Recent attempts to reduce inequities between social assistance recipients have resulted in a redistribution of existing benefit levels rather than an overall upgrading of benefit rates.

8.5 Assistance Recipients: Who Gets Benefits and Why?

- The overwhelming majority of people receiving social assistance are sick, disabled or elderly adults and their dependents and women raising children alone.

- 42.1% of social assistance beneficiaries are children.

- Assistance recipients are kept poor even though they are seriously disadvantaged in attaining adequate incomes by private means.

- Assistance programs provide inadequate income support for the protection and development of children.

- There is no comprehensive set of support services intended to enable assistance recipients to participate in the labour market, although recent

pilot projects relating to employment support for single parents represents a move in this direction.

- High levels of unemployment in the economy and poor working conditions in the low wage sector have increased the requirements for social assistance, particularly among employable G.W.A. recipients.

- The people who benefit from social assistance programs have remained a small and relatively constant 4 to 5% of the total Ontario population for at least a decade.

- Changes in family composition over the decade has meant that requests for assistance come from smaller households in 1983 than in 1971.

- In a time of high unemployment, restrictions on unemployment insurance eligibility criteria by the federal government creates greater demands for G.W.A. and distorts income security planning at the provincial and municipal levels.

8.6 Work and Welfare

- The benefit levels on social assistance programs have been pegged below minimum wage levels to encourage short-term recipients to return to the

workforce and to ensure that the working poor continue working.

- The welfare system protects employers in the low wage sector by providing a secondary source of income to workers faced with job insecurity and poor working conditions.

- The fact that many assistance recipients need employment enabling support services has contributed to the low take-up of the provincial Work Incentive Program. Sole-support mothers and disabled people in particular have not been in a position to take advantage of this program in the absence of services.

- Tax-back provisions and losses in transfer payments make transition to work incentives unattractive at low wage rates.

- Because of low wages in the secondary labour market, some working-poor households are at an economic disadvantage relative to comparable households on the Work Incentive Program.

- Unlike Ontario, provinces like Saskatchewan, Manitoba and Quebec provide extensive income support programs to meet the needs of low-income families.

8.7 Provincial Spending Restraints And Social Assistance Incomes

- Budgetary expenditures in Ontario have increased significantly between 1971 and 1983, but at a slower rate than the overall growth in the economy.

- Social development expenditures have also grown over the decade, but between 1975 and 1980, growth was strongly curtailed by the provincial restraint program;

- The Province has carried out its restraint program to a significant degree at the expense of social assistance programs; since 1975, increases in spending on welfare programs in Ontario have lagged well behind those in most other provinces;

- Growth in government spending and the Gross Provincial Product demonstrate that Ontario can afford more generous social assistance programs. Cut-backs which have resulted in losses of income for social assistance recipients are therefore the result of deliberate government policies.

RECOMMENDATIONS

1.0 SOURCES AND COMPOSITION OF ASSISTANCE INCOMES

1.1 The Ontario Government make an upward adjustment in the benefit levels of single persons receiving General Welfare Assistance and GAINS-D to compensate them for their lack of access to federal child-related income security programs.

1.2 As a first step, the Ontario Government immediately raise the level of benefits of all recipients of social assistance to restore the purchasing power lost by recipients since 1975. This would require increases of between 9 and 20% depending on family size and composition.

2.0 ADEQUACY OF SOCIAL ASSISTANCE INCOMES

2.1 The province adopt a standard of income adequacy for Ontario using a budget needs approach, and that this standard be used as a criterion for establishing benefit levels of recipients of social assistance.

2.2 The province raise the level of benefits it provides under General Welfare Assistance, Family Benefits Assistance, and GAINS-D to a level of adequacy consistent with 2.1 above, and in accordance with widely publicized goals and timetables for full implementation.

3.0 SHELTER ALLOWANCES, SUBSIDIZED HOUSING AND ASSISTANCE INCOMES

3.1 The province assist municipalities to assess the economic impacts of local housing costs on the adequacy of social assistance recipients incomes.

3.2 The province expand its funding of shelter allowances and adjust the upper limit of the rental range from municipality to municipality to reflect the low-end of market rent for that community.

3.3 The Province expand the existing stock of subsidized housing units. This would include public housing, non-profit and co-operative housing alternatives.

4.0 EQUITY ISSUES

4.1 The province conduct a review of Ontario's social assistance programs for the purpose of eliminating inequities in the provision of assistance incomes between and within programs.

4.2 The province implement the review guided by standards of income adequacy which reflect the different budgetary requirements of assistance recipients: single parent families, disabled people, long term recipients, short term recipients, and so forth.

4.3 The province justify any departure from 3.2 above through measurable policy objectives which can be publicly reviewed and monitored.

4.4 The province restructure the G.W.A. and F.B.A. programs so that all individuals requiring short-term assistance are on one program and all individuals requiring long-term assistance are on another. Specifically, this would mean that all individuals who are classified as unemployable or who otherwise are not expected to work, would fall into the long term assistance program.

4.5 That the province remove from the municipalities entirely the responsibility for funding welfare benefits and administration, thereby shifting the funding of income transfer programs to the more flexible and equitable revenue source, income taxes.

5.0 ASSISTANCE RECIPIENTS: WHO GETS BENEFITS AND WHY?

5.1 The province counteract the misinformation which exists about social assistance recipients by conducting a public education campaign which presents an accurate portrayal of the type of people who receive benefits.

5.2 The province develop a comprehensive set of support services which enable the employment of assistance recipients and increase their access to job opportunities.

5.3 In implementing recommendation 2.2, the province acknowledge the importance of the parenting function and provide incomes adequate for the protection and development of children.

6.0 WORK AND WELFARE

6.1 Concurrent with the move to provide social assistance recipients with more adequate incomes, the Province initiate a program of wage supplementation for working poor households which fall below standards of income adequacy.

6.2 The province review its financial and technical assistance programs for small business with a view toward increasing the efficiency and competitiveness of industries in the secondary labour market.

6.3 The province integrate the Work Incentive Program with a comprehensive set of employment enabling support services for assistance recipients and adopt this as a permanent feature of Ontario's social welfare system.

6.4 The province implement policies to achieve full employment as a means of providing a long-term solution to welfare dependency.

6.5 The province review its policies affecting the minimum wage, working conditions and job protection in the low wage labour market as they affect recipients of social assistance.

7.0 PROVINCIAL SPENDING RESTRAINTS AND SOCIAL ASSISTANCE INCOMES

7.1 The Ontario government immediately cease using social assistance programs as a means of reducing government expenditures.

7.2 The province use the anticipated decline in the welfare caseload, coupled with the fact that government revenues are growing more rapidly than expenditures, as an opportunity to significantly improve social assistance rates.